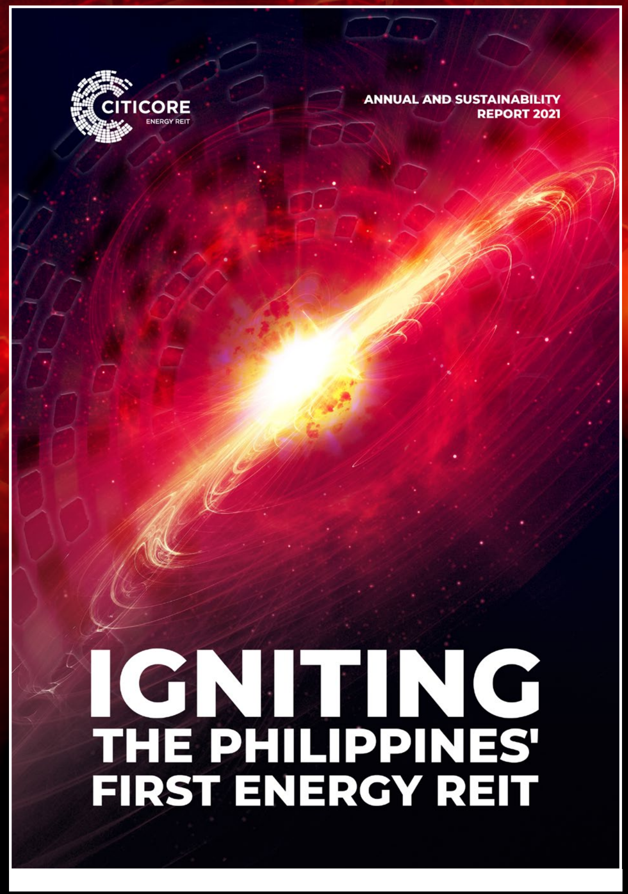
CITICORE
ENERGY REIT

ANNUAL AND SUSTAINABILITY
REPORT 2021

IGNITING
THE PHILIPPINES' FIRST ENERGY REIT



ABOUT THE COVER

The Philippines is one of the most vulnerable countries to climate risks. Acknowledging the need for sustainable energy in the country, Citicore Renewable Energy Corporation (CREC) stepped up to sponsor what would become the Philippines' first renewable energy-themed REIT – Citicore Energy REIT Corp. (CREIT). CREIT's inception ignites a new awakening in the REIT industry and, as a leader in innovation, aims to trailblaze more sustainable investment opportunities for the country in the future.

ABOUT THE REPORT

"Igniting the Philippines' First Energy REIT" is CREIT's first Annual and Sustainability Report (ASR), covering our economic, social, environmental, and governance performance for 2021. This report is compliant with the Philippine Securities and Exchange Commission's (SEC) Sustainability Reporting Guidelines for Publicly Listed Companies and aligned with the GRI Standards.

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ABOUT THE COMPANY

BRIEF HISTORY AND BUSINESS PROFILE

The Company was incorporated on July 15, 2010, as Enfinity Philippines Renewable Resources Inc., and was focused on exploring, developing, and utilizing renewable resources such as solar and wind. On May 25, 2021, the Company's shareholders approved the following amendments to its Articles of Incorporation: (i) change of name of the Company from "Enfinity Philippines Renewable Resources Inc." to "Citicore Energy REIT Corp."

In addition to the foregoing, the Company's shareholders likewise approved the change of the Company's Articles of Incorporation such that the Company's primary purpose is that of a REIT. Among other amendments, this was approved by the Philippine SEC on October 12, 2021.

Currently, CREIT has one solar plant and six land parcels in its asset portfolio, which includes the Bulacan and South Cotabato properties that were approved for acquisition by CREIT's Board of Directors last March 2022 using the primary shares' proceeds from the Company's IPO. These assets are being leased out to solar plant operators, which pay regular lease payments in return. CREIT and its lessees have a combined installed capacity of 145 MWDC spread across Luzon, Visayas, and Mindanao.

VISION

As the Philippines' first energy REIT, CREIT envisions to be the leading energy REIT investment in the country by delivering superior yields from a portfolio of sustainable prime land, solar and other renewable energy assets.

MISSION

CREIT intends to deliver a sustainable investment platform with a renewable energy asset portfolio for shareholders and investors.

VALUES

The Company focuses on delivering excellent value and attractive returns to shareholders by responsibly harnessing nature's resources and empowering communities.

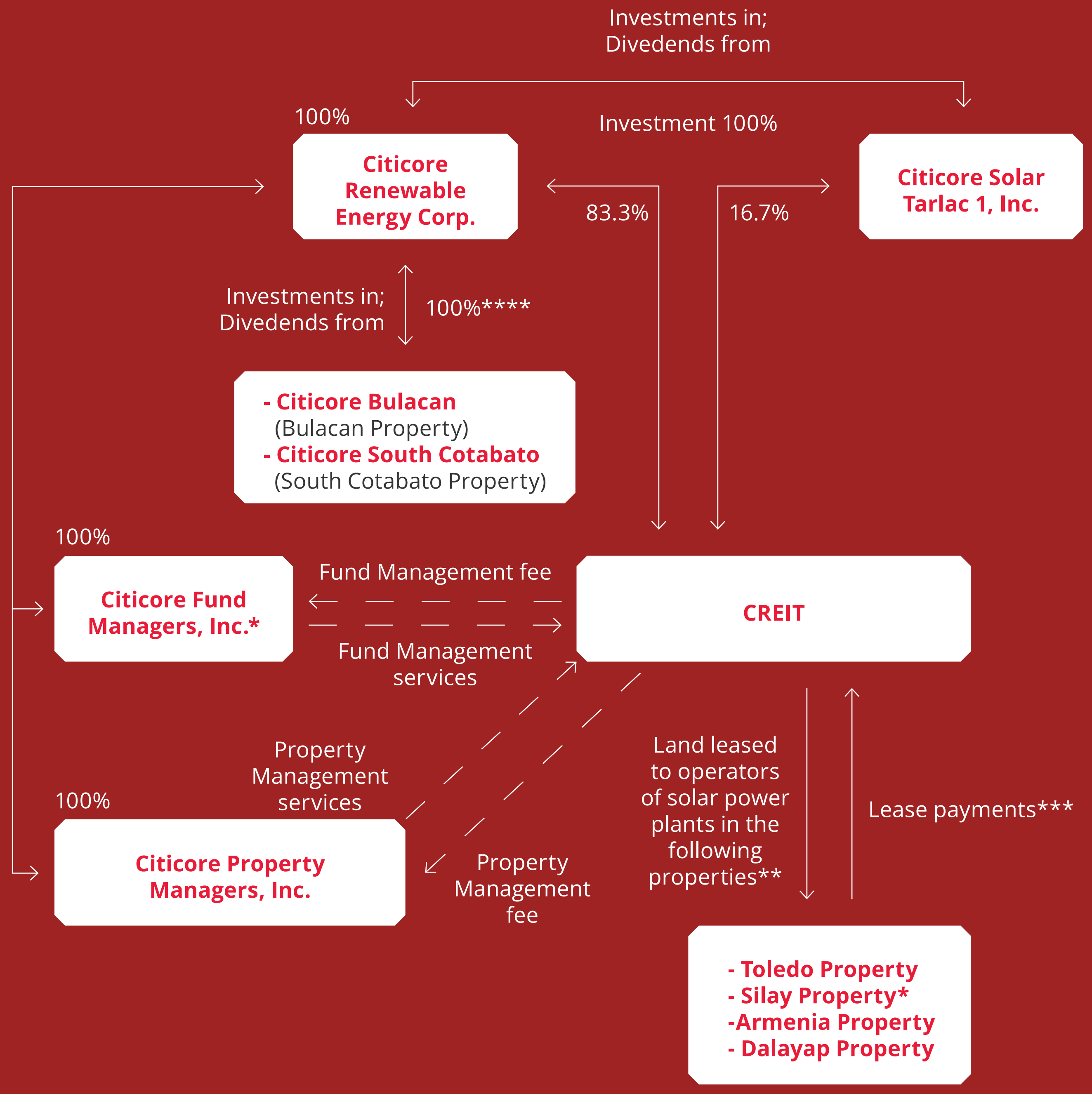
Sustainable Investment
With the Company's clear path for growth and expansion and its environmentally and socially inclusive programs, CREIT's investments aspire to be sustainable by evaluating their environmental and social impacts and corporate governance.

Community Upliftment
Empowering the community is pivotal for the Company as one of its stakeholders. Hence, local employment is one of our priorities. In addition, various community development programs are also in place to ensure inclusive growth in the communities where the company operates.

Stewardship for Environment
As the primary energy REIT in the country, CREIT and its lessees aim to directly contribute to mitigating the climate risks through their renewable energy plants.

CORPORATE STRUCTURE

CREIT is a domestic corporation, established to invest in income-generating renewable energy properties. As the first energy REIT in the Philippines, it is primarily established to invest in income-generating renewable energy properties. The following figure shows the Company's operational and ownership structure:



Notes:

* The Fund Manager's license application was approved by the Philippine SEC on January 18, 2022.

** The Company's Leased Properties are the Clark Solar Power Plant, the Armenia Property, the Toledo Property, the Silay Property and the Dalayap Property.

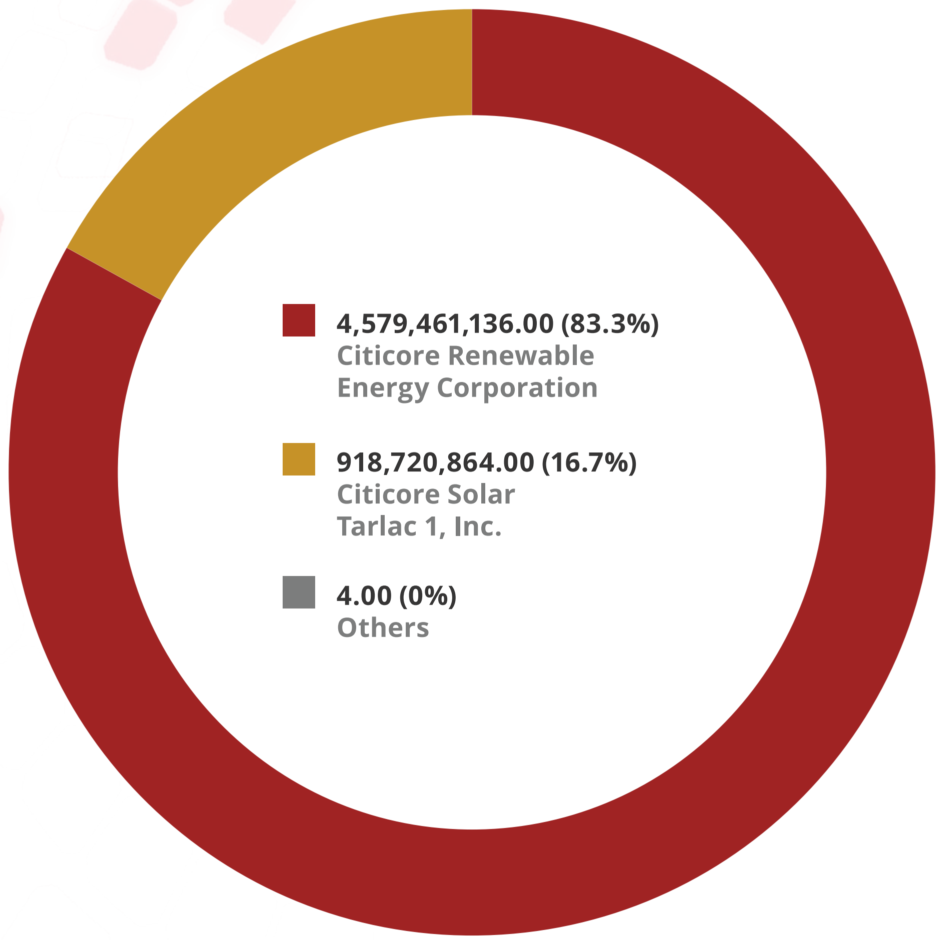
*** The Company has leased the Leased Properties to CREC (with respect to the Clark Solar Power Plant), Citicore Tarlac 1 (with respect to the Armenia Property), Citicore Negros Occidental (with respect to the Silay Property), Citicore Cebu (with respect to the Toledo Property) and Citicore Tarlac 2 (with respect to the Dalayap Property). The Lessees own and operate solar power plants on the Leased Properties. Further, the lease rental rates for the Leased Properties comprise (i) a guaranteed annual base rental rate, payable on equal monthly installments, and (ii) a variable rental rate equivalent to 50% of the incremental gross revenue earned by the Lessee from any excess of its agreed base lease revenue for the current fiscal year. See "Profit Forecast and Profit Projection—Assumptions—Revenues and Income—Revenue", which includes further details and a table of the guaranteed annual base lease payments for each of the Leased Properties. Citicore Cebu and Citicore Negros Occidental are wholly owned subsidiaries of CPI, while Citicore Tarlac 1 and Citicore Tarlac 2 are wholly owned indirect subsidiaries of CREC through CREC's 100% ownership of Sikat Solar Holdco Inc.

**** CREC indirectly owns 100% of Citicore Bulacan through Citicore Solar Holdings, Inc. and indirectly owns 100% of Citicore South Cotabato through Sikat Solar Holdco Inc.

SHAREHOLDING STRUCTURE

The Company has an authorized capital stock of 539,999,998.50 divided into 2,159,999,994 common shares with a par value of PHP 0.25 per share, of which 2,159,999,994 common shares issued and outstanding.

Shareholders as of December 31, 2021



5,498,182,004.00 (100.0%)
TOTAL (PHP)

Note:

The Company has an authorized capital stock of 3,840,000,000.00 divided into 15,360,000,000 common shares with a par value of P0.25 per share. P5,498,182,004 shares out of the total authorized are both issued and outstanding.

MESSAGE FROM THE CHAIRMAN OF THE BOARD

The year 2021 marked the beginning of many great things for Citicore Energy REIT Corp. (CREIT). It paved the way for a number of firsts – the first non-commercial REIT, the first renewable energy platform for REITs, and eventually the first REIT IPO in the Year of the Tiger.

As local industries continued to cope with the pandemic, the energy sector remained resilient with a sustained strong demand for electricity. We saw this as an opportunity, given that our Sponsor – Citicore Renewable Energy Corp – is one of the major players in the renewable energy space. With our shared goal of pursuing a net-zero carbon future and a backdrop of growing appreciation for Real Estate Investment Trusts (REITs), we believe that CREIT will be a perfect alternative that will offer investors a distinct REIT asset, with a green-focused revenue portfolio and a stable dividend income and growth.

Since we renamed Enfinity Philippines Renewable Resources Inc. into CREIT, we have already planned to list the Company as the first-ever energy-themed REIT. We spent most of 2021 doing the groundwork for this pioneering venture – developing the business model, finalizing the pre-and post-IPO corporate structure, seeking regulatory approvals, and embarking on a massive market education drive to explain CREIT's value proposition.

CREIT's tenants operate in a crisis-resilient sector – power generation – which supports our Sponsor's vision of operating renewable and sustainable energy formats. Hosting the second-largest solar generation capacity in the Philippines, CREIT's sustainable value proposition is founded on the economic benefits of a REIT, the sustainable nature of renewable energy generation, and the inclusive growth model promoted through the Agro-Solar initiative, which strengthens the multi-use concept of land and co-existence between tenants and farmer communities.

Having solar farms as tenants translates to zero vacancy risks for CREIT, delivering consistent revenue generation all year round and offering a steady stream of distributable income for investors. On a larger scale, CREIT also provides a tangible response to climate change while instinctively including the host and farmer communities in its growth agenda. Ultimately, CREIT can offer a more attractive yield – both as a leasing platform and an investment alternative – compared with traditional commercial REITs. Given the necessity of energy, especially in clean and renewable forms, to fuel the economy's growth engines, the Company is less exposed to general market risks. If any, these could be limited to the emergence of better technology to replace solar and regulatory actions that will hinder the proliferation of renewable energy and REITs in general.

Also, with the country's particular geography and topography, there will always be risks associated with natural disasters, such as typhoons and earthquakes, that may affect tenant's operations. To address this, we conduct careful site selections and follow safe and efficient designs as part of our due diligence and ensure proper insurance coverage for any property and plant damages. With a wide awareness and understanding of climate change, CREIT prepares itself well to withstand adversity for the long haul.

As we march on from last year, we aim to sustain the momentum of CREIT's initial successes by pursuing the growth programs outlined in our REIT Plan. This involves infusing the additional assets to consistently expand our portfolio, maintaining efficient and reliable operations, ensuring strong earnings to support consistent and attractive returns to investors, and championing the cause for a net-zero carbon future in our capacity as a REIT.

We consider CREIT as a trailblazer, not only in terms of offering something new to an already established REIT market but also in daring to push for something out of the ordinary. We expect more companies to follow suit, especially in diversifying the local capital markets, raising the standards and offering new concepts, and promoting local and global sustainability towards a better and more energized future. Let's power on!

Edgar B. Saavedra
Chairman of the Board

We expect more companies to follow suit, especially in diversifying the local capital markets, raising the standards and offering new concepts, and promoting local and global sustainability towards a better and more energized future.

Let's power on!

PRESIDENT'S REPORT

Over the last twelve months, we have aimed to list as the first energy REIT on the Philippine Stock Exchange. We understand that our success will be based on our sponsor's strengths, the opportunities that lie ahead, and our unique value proposition. However, with an excellent operational track record, strong financial results, and a sound balance sheet, we were confident of securing the approval of regulators as well as the investment community.

Citicore Renewable Energy Corp. (CREC) – the major sponsor of Citicore Energy REIT Corp. or CREIT – has more than 5 years of track record of greenfield development, designing, constructing, operating, and maintaining solar power plants across the country. The combined capacity of these plants is 163Mw and the second largest in the country. Throughout these years, the solar plants operated at an average performance ratio of 83%, with 98% availability.

CREIT reported audited gross revenues of PHP 352 million in 2021. This was mainly contributed by the sale of electricity from the Clark Solar Plant and a portion coming from land lease revenues from Citicore Solar Tarlac 1 and 2.

On top of all these, our tenants operate in a cycle-resistant industry, support the race for renewable energy, and promote inclusive growth through the Agro-Solar initiative. Furthermore, with our green-focused revenue portfolio, full occupancy all year round, and long-term commitment of our sponsor, CREIT will be the only renewable energy generating company among the existing REIT basket, which we believe will be our key differentiation as the country's first energy REIT.

Pre-IPO, our major sponsor, CREC, puts us in a position to help address the country's ever-increasing per capita energy demand and contribute to sustainable development. The IPO will be our way of unlocking the value of this unique business model and provide us with funds for future expansion anchored on our Sponsor's growth roadmap. At the same time, we hope to bring together investors who subscribe to a sound growth strategy and strong ESG platform and are expected to raise PHP 6.4 billion from the offering.

The proceeds from the primary offering were utilized in acquiring properties in Bulacan and South Cotabato. The newly acquired lands were leased to solar power plants within the Citicore Group, allowing CREIT's Sponsor to recapitalize into building more renewable energy projects and help address the country's growing energy demand

The rest of the funds raised will be used to expand CREIT's portfolio by five times, to a targeted 780Mw by the end of year five from its current 145Mw level, which will provide a strong, stable, and sustainable revenue and income source. This growth will come largely from our sponsor's commitment as it develops a pipeline to build 1,500Mw of renewable energy capacity.

CREIT's growth, in turn, strengthens the ability of Citicore to bolster the local renewable energy supply and reduce the country's dependence on traditional energy sources. In addition, we hope to sustain the Agro-Solar initiative by strengthening the multi-use concept and co-existence between tenants and farmer communities.

As CREIT's portfolio grows, we are able to support Citicore in its expansion into becoming the biggest solar power producer in the Philippines. CREIT also benefits from the Sponsor's innovative designs and value engineering expertise to construct efficient solar plants that operate at optimal performance and availability ratios.

Moving forward, we will ensure that CREIT's performance will be reflective of its long-term goals and commitment to sustainable investing and corporate social responsibility while delivering excellent value to our stakeholders.

The Company's vision and aspirations can only be achieved through a collective effort within the organization and the confidence of our investors. We are grateful for CREIT's shareholders, partner communities, the Sponsor, and our hardworking and dedicated people – we continue to trust them the same way they have put their trust in us. Let us continue forging our own path toward a more sophisticated capital market and a more sustainable future for us and the future generations.

Oliver Y. Tan
CEO and President

CREIT paves the way for more listing of diversified REIT products in the Philippines as the first-ever energy REIT in the country.

2021 BUSINESS REVIEW

FINANCIAL REVIEW

CREIT reported audited gross revenues of PHP 352 million, 95% of which was attributed to the sale of electricity from the Clark Solar Plant and the balance from land lease revenues coming from Citicore Solar Tarlac 1 and 2, which covered the periods November-December 2021 and December 2021, respectively.

The Company's gross profit amounted to PHP 278.1 million from PHP 174.5 million in 2020 as a result of higher revenues, complemented by the Company's conscious effort on cost management. EBITDA rose 24% to PHP 282 million, translating to an EBITDA margin of 80%, with net income after tax surging to PHP 226 million, more than double the previous year's PHP 104 million. This power revenue stream, however, will no longer apply to CREIT's financials starting 2022 as the Company's service contract for Clark Solar Plant, as approved by the Department of Energy, was transferred to Citicore Renewable Energy Corp. (CREC) effective December 25, 2021, as part of CREIT's REIT formation transaction. CREIT, upon listing, will have recurring lease income from its portfolio of assets, true to form for a Real Estate Investment Trust company.

DIVIDENDS

CREIT's common shares closed at PHP 2.84 per share on the listing date, February 22, 2022, 11% more than its IPO price.

In March 2022, CREIT declared dividends of PHP 226.73 million, corresponding to PHP 0.035/share distributed among the Company's outstanding common shares of 5,498,182,004 taken from its 2021 results of operations. In 2022, it is projected that the Company's dividends will increase up to PHP 1,166,380 and further to an estimated PHP 1.2 billion by 2023 – both equivalent to PHP 0.18 per share – based on the REIT Plan. The projected dividend growth and pay-out reflect our sound dividend policy and a strong commitment to shareholders.

CREIT PORTFOLIO

The Company has an initial land portfolio of more than 1,653,621 sqm and has an appraised value of PHP 10.9 billion. CREIT's land parcels are strategically located in next-wave growth areas, specifically in key metropolitan areas, and occupy large tracts in prime provinces. CREIT's properties are leased out to operating solar power plants with a combined capacity of 101.4 MWpDC. Apart from land assets, CREIT also owns a 22.3MWpDC solar power plant which is being leased out to CREC, which in turn, operates the said solar plant and sells its electricity output to the government via a long-term Feed-in-Tariff program. Post-offer, CREIT will acquire additional freehold land totaling 333,877 sqm in Bulacan and South Cotabato, which shall also be leased out to operating solar power plants, bringing the total aggregate capacity of its Lessees to 145.0MWdc.

Irradiation	All seven REIT assets are located in **high irradiation regions** between c.4.7 – 5.5 kWh/m2/day
Distance to major cities	**Close proximity to key metropolitan areas**, with steady demand for electricity
Grid connection scheme	Enjoys **Priority Dispatch** to the national grid. Customers may opt to have the solar plant embedded to their site, when feasible

Long term average of PVOUT, period 2007-2018 (kWh/kWp)

Daily totals

3.0	3.4	3.8	4.2	4.6
1095	1241	1387	1534	1680

Yearly totals

CREIT PORTFOLIO

CLARK SOLAR PLANT

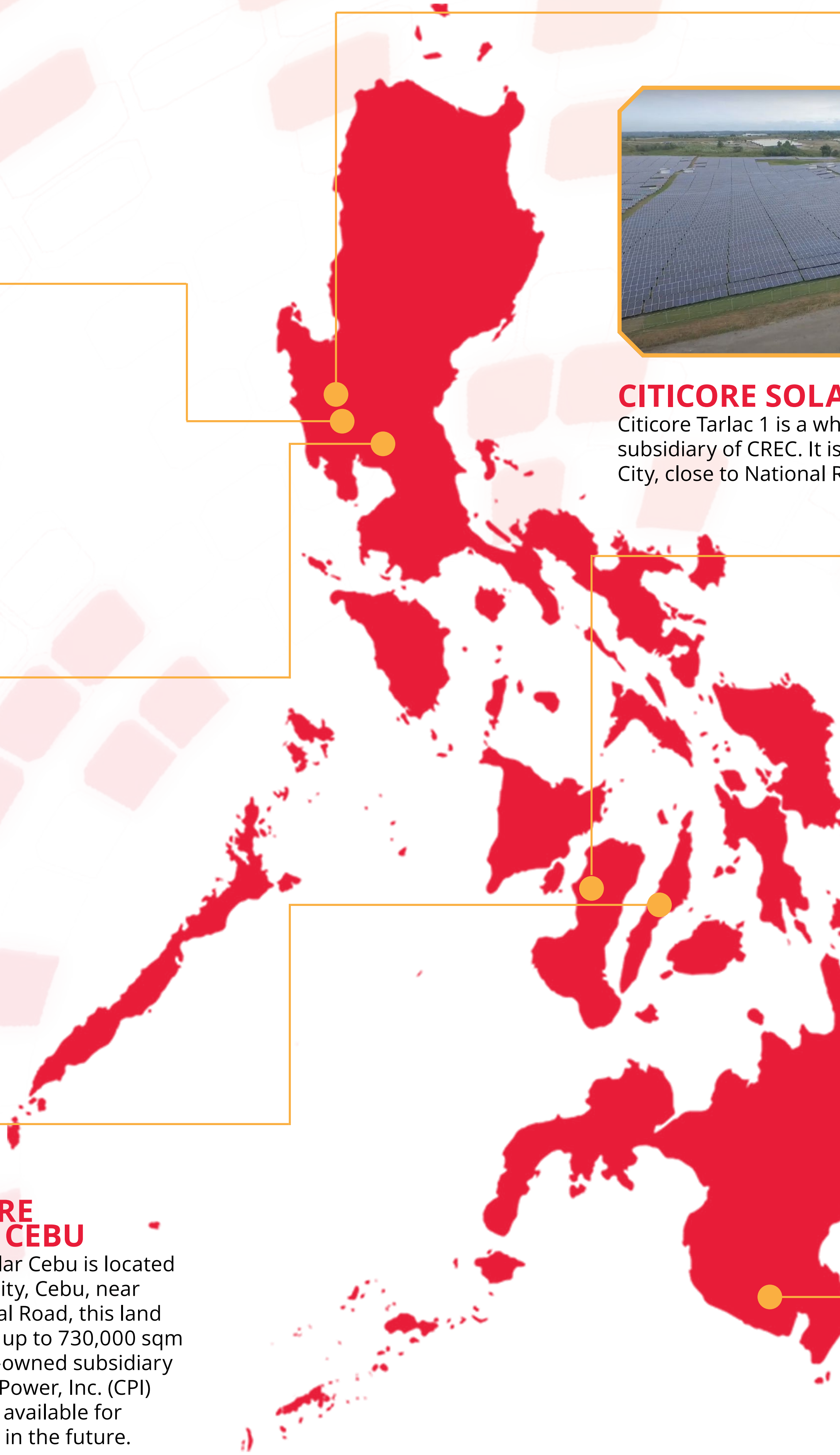
The Clark Solar Plant is located on a 250,318 sqm land inside Clark Freeport Zone Pampanga. It has been leased to CREC.

CITICORE SOLAR BULACAN

Citicore Solar Bulacan is freehold land located in San Ildefonso, Bulacan, 14 km away from the Bypass Road, with an area of 253,880 sqm. This will be immediately acquired by CREIT post-IPO.

CITICORE SOLAR CEBU

Citicore Solar Cebu is located in Toledo City, Cebu, near the National Road, this land measuring up to 730,000 sqm is a wholly-owned subsidiary of Citicore Power, Inc. (CPI) and will be available for acquisition in the future.



CITICORE SOLAR TARLAC 1

Citicore Tarlac 1 is a wholly-owned indirect subsidiary of CREC. It is located in Armenia Tarlac City, close to National Road, with 138,160 sqm.

CITICORE SOLAR TARLAC 2

Like Citicore Tarlac 1, Citicore Tarlac 2 is also a wholly-owned indirect subsidiary of CREC. It is a leasehold land located in Dalayap, Tarlac City, with 103,731 sqm.

CITICORE SOLAR NEGROS OCCIDENTAL

With an area of 431,408 sqm, the Citicore Negros Occidental is also a wholly-owned subsidiary of CPI and is open for acquisition in the future.

CITICORE SOLAR SOUTH COTABATO

Citicore Solar South Cotabato is a 79,997-sqm land located in Centrala, Surallah South Cotabato, and is a wholly-owned indirect subsidiary of CREC. This will also be immediately acquired by CREIT post-IPO.

GROWTH PROSPECTS

CREIT is in a unique position to take advantage of strong prospects in the renewable energy space, based on the country's demand for electricity and the aggressive efforts of the Philippine government to address the climate risks in the country.

The strengthened efforts of the government and other sectors to maximize the use of renewable energy and infrastructures and the supportive demands this entails provide CREIT with more room for growth as an energy-themed REIT.

The country's power sector is characterized by robust economic fundamentals and attractive demographic qualities that pave the way for more opportunities for the Sponsor's and CREIT's projects in the future. Despite the effects of COVID-19, the global power consumption is projected to grow at an average of 4.6% annually from 2020 to 2029. In the same vein, Philippine electricity consumption is expected to grow at a compounded annual growth rate of 6.5% from 2020 to 2025, on the back of its young working population. The Department of Energy's (DOE) Power Development Plan 2016-2040 reveals that the Philippines will require an additional 43,765 MWDC for its system capacity to meet the projected electricity demand requirement by 2040.

This compelled the government to encourage the expansion of sustainable energy projects through the National Renewable Energy Program (NREP), and National Renewable Energy Board's (NREB's) proposed renewable portfolio standards, mandating distribution utilities to source some of their power from renewable energy and Competitive Renewable Energy Zones. The strengthened efforts of the government and other sectors to maximize the use of renewable energy and infrastructures and the supportive demands this entails provide CREIT with more room for growth as an energy-themed REIT.

CREIT's strategically located assets and commitment to supporting renewable energy plants manifest our adaptability to cater to market demands in the most efficient way possible. On top of this, the Company's asset acquisition and operational optimization also provide opportunities for future expansion. With valuable properties to be acquired in Bulacan and South Cotabato and the capacity build-up from CREIT's sponsor and proceeds from its initial public offering (IPO) provide the stage for the Company's long-term path for sustainable growth.

CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABILITY APPROACH: FIVE PILLARS

CREIT's policies and operations incorporate climate change and environmental concerns in its framework and activities. Through its Corporate Foundation, the Company remains strongly committed to and shares the sustainability goals of Citicore.

The five pillars consist of: People, Product, Planet, Profit, and the Philippines. These reflect CREIT's priority to uphold ethical labor practices and care for our stakeholders, create value for our shareholders, contribute to the sustainability movement, generate profit sustainably, and contribute to national development.

MATERIALITY

CREIT and its lessees conducted a materiality assessment of the most important topics in line with the direction and goals of the Company as a Real Estate Investment Trust (REIT), as detailed above, such as ownership of land and properties for harvesting power. As a REIT, the Company aims to own and invest in income-generating renewable energy real estate properties. The key executives of the Company produced the final list of material topics for 2021, aligned with the Five Pillars.

PEOPLE

Under the People category, ethical business conduct, human rights, and non-discrimination or anti-harassment were the three most essential topics for CREIT and its lessees. This hierarchy indicates the involved parties' commitment to upholding the three principles and addressing issues surrounding them.

PRODUCT

The most material topic under Product for the Company and its lessees is to mitigate risk and embed resiliency across global operations and assets. Among the significant principles included in this segment are developing buildings that promote the health and well-being of the Company's customers and protecting customer data privacy. This translates to CREIT's adaptable projects and operations.

PLANET

As stakeholders of the country's first energy REIT, the Company and its lessees are on the same page in developing sustainable means of mitigating climate risks. Among the categories, Planet bears the most significant number of essential material topics. The top concerns are the reduction of carbon emissions, protection of local watersheds and biodiversity, and land use management.

PROFIT

One of CREIT's primary goals as a real estate investment trust is to generate profit for the Company and its shareholders sustainably. Among the crucial topics in this category are accountability and transparency in corporate governance practices, corporate data security, and responsible contracting.

PHILIPPINES

Lastly, as the first renewable energy-themed REIT in the country, CREIT is mindful of its positive contributions to the Philippines and the Filipino people. The Company and its lessees contribute to our local communities by unlocking employment opportunities, strengthening corporate social responsibility, and complying with corporate and environmental regulations as the critical foundations for supporting the country.

SUMMARY OF MATERIAL TOPICS

People

1. Ethical Business Conduct
2. Human Rights
3. Non-Discrimination/ Anti-Harassment
4. Employee Engagement
5. Occupational Health & Safety
6. Equal Pay
7. Labor Condition
8. Training and Education for Employees
9. Ensure employees and partners consistently follow our high standards for ethical business practices

Product

1. Mitigate risk and embed resiliency across global operations and assets
2. Develop buildings that promote the health and well-being of our customers
3. Customer Data Privacy
4. Customer Experience
5. Truthful Marketing

Planet

1. Reduction of carbon emissions
2. Protect local watersheds and biodiversity
3. Land Use Management
4. Sustainable Cities and communities
5. Building Resilience to Short-Term Weather Events
6. Building Resilience to Long-Term
7. Climate Change Impacts
8. Climate Change Adaptation
9. Climate Change Strategy
10. Tenants Driving Sustainability Innovation
11. Alignment with Global Sustainability Frameworks/Principles

Profit

1. Accountability and transparency in Corporate Governance Practices
2. Corporate Data Security
3. Responsible Contracting
4. Increasing Role in Advancing Sustainability Throughout the Market
5. Climate Change Impacts on Financial Performance
6. Management of Tenant Sustainability Impacts
7. Social Equity
8. Financial Performance
9. Resilience and Climate Risk as a Priority for Investments

Philippines

1. Contribute to our local communities by unlocking employment opportunities
2. Corporate Social Responsibility
3. Compliance with Corporate and Environmental Regulations

UN SDG ALIGNMENT

CREIT and its lessees' conduct initiatives that contribute to the United Nations Sustainable Development Goals (SDG) through the following:

SUSTAINABLE DEVELOPMENT GOALS

SDG 6: Clean Water and Sanitation are best demonstrated through the Company's minimal consumption and proper handling of water, wastewater, and effluents through sustainable water management. Solar power operations generally do not consume as much water and do not produce waste.

Compliant with and adapting the DOE's efficiency program, the Company contributes to **SDG 7: Affordable and Clean Energy**. The Citicore Group, a pioneer and leader of the renewable energy movement in the country, develops and operates renewable energy power plants that provide clean, sustainable, and cost-efficient power generation capacities, which is critical in a country's economic growth.

As a manifestation of its support for **SDG 9: Industry, Innovation and Infrastructure**, Citicore Group has programs promoting inclusive and sustainable industrialization in renewable energy. As part of the Group, CREIT strongly upholds these initiatives.

The Group also supports **SDG 11: Sustainable Cities and Communities** through its "Agro-Solar" concept, the first and only in the country, which allows the co-existence of the solar power plants and high-value agricultural crops in the same area, ensuring access to sustainable energy while helping the small farm growers augment their income. Other community development initiatives are also in place, such as scholarship programs for the qualified and deserving children of local barangay officials who assist the company in securing its properties and facilities, skills training of the identified community residents so they can be prioritized for local employment and livelihood projects for residents of the host communities.

Lastly, the Group is committed to combating climate change and its impacts, advocating **SDG 13: Climate Action**. The solar power plants located on the Company's land help reduce approximately 231,720 tons of CO2 annually or an aggregate of 7,000,000 tons of CO2 for 25-30 years. This initiative manifests CREIT's commitment to achieving carbon-neutral sustainable businesses through the maximization of renewable energy.

ENVIRONMENTAL STEWARDSHIP

As an energy REIT, CREIT is committed to pursuing environment-friendly initiatives across its operations, in accordance with shareholders' principles and the Company value of environmental stewardship it espouses.

To this end, CREIT upholds three pillars in its Environmental Management Framework to significantly mitigate climate issues: (i) Climate Action, (ii) Resource Management, and (iii) Ecosystem and Biodiversity.

CLIMATE ACTION

CREIT invests in renewable energy assets and commits to achieving a carbon-neutral business that internally targets a negligible to zero carbon footprint. As solar farms do not burn fossil fuel or any material to produce energy, no emissions are generated from operations.

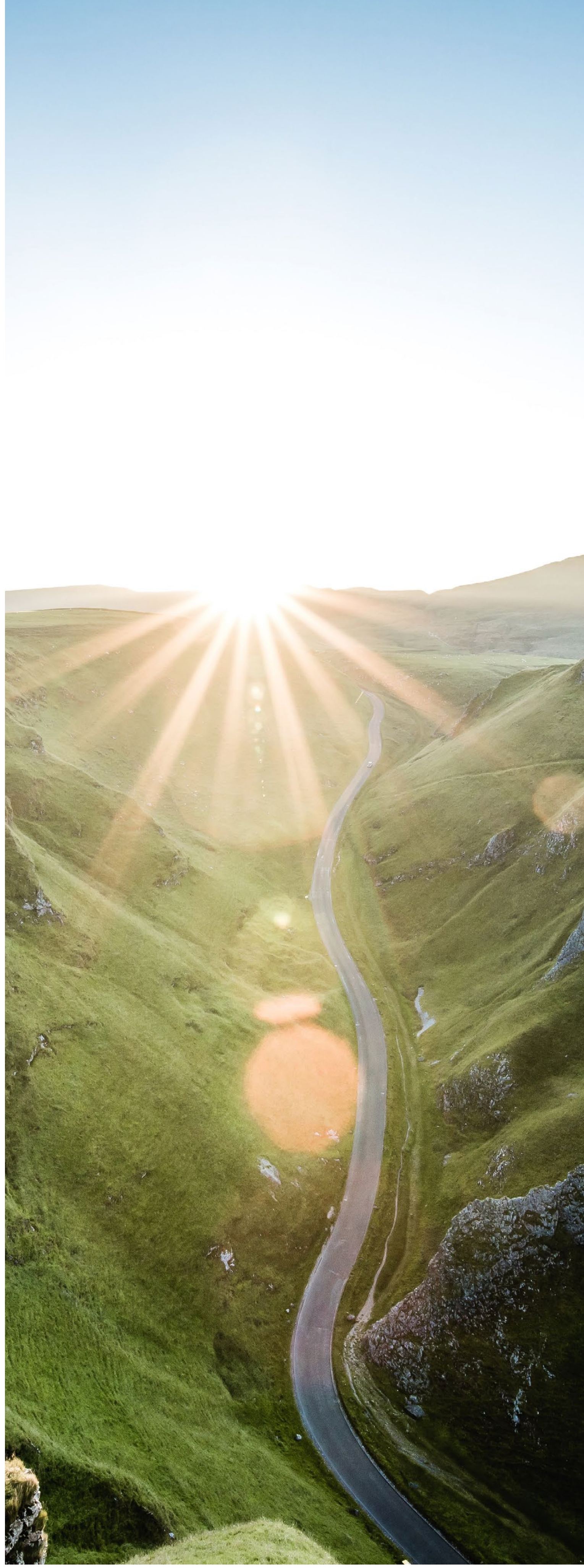
The Company is also focused on managing sustainable infrastructure projects, such as income-generating renewable energy-related real estate properties in the country, on reducing greenhouse gas emissions and will continue to provide green energy solutions moving forward. We will continue monitoring our impacts, specifically on responsible energy use, to ensure that the Company and its partner communities remain responsive to mitigating climate change.

Part of CREIT's response to climate change is adaptation. Despite exercising its best efforts to mitigate external risks, the Company is aware that the country is still among those most susceptible to natural disasters. The impacts of natural calamities such as weather disturbances, earthquakes, volcanic eruptions, floods, and drought will only be exacerbated by climate change. To remedy this, the Company takes measures such as conducting diligent site selections, efficiently designing the solar plants, and having these properties insured.

CREIT and its Lessees note that seasonal weather changes, natural catastrophes, and severe weather conditions such as typhoons and flooding could materially disrupt operations at its land assets and affect financial performance. Extreme weather events will increase in frequency and intensity because of climatic changes, as the Group also notes in its Environmental Management Framework.

RESOURCE MANAGEMENT

By implementing an innovative business model with clean and green revenue streams and circular economic principles, the Company continues to use its resources judiciously, embodying an efficient practice of Resource Management.

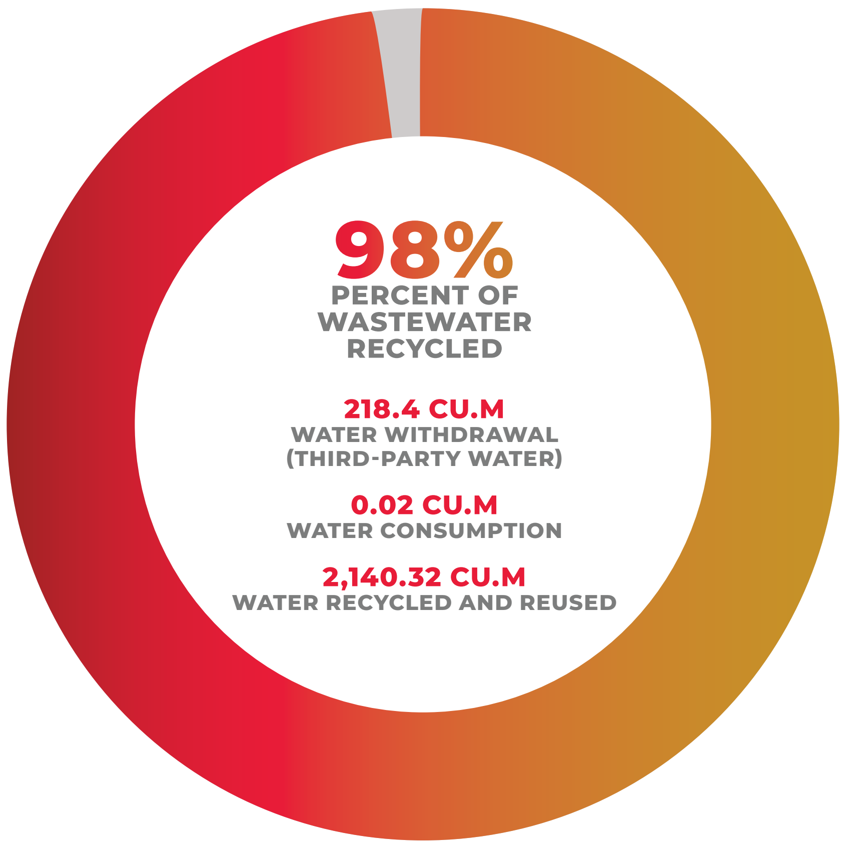


ENERGY AND EMISSIONS

CREIT ensures that the Company and its lessees implement sustainable initiatives that promote efficient utilization and consumption of energy. It produces positive energy from renewable resources and remains consistent in reducing its consumption of energy. While it is unavoidable to use energy, the Company is able to offset this in its reduction efforts.

ENERGY	CONSUMPTION	REDUCTION
Gasoline	295,488 GJ	10,000 GJ
Diesel	58,611 GJ	N/A*
Electricity	1,800,000 kWh	1,118,865,600 MWh

Examining and evaluating emissions are crucial to the Company, especially in its goal of cultivating a carbon-neutral business. As such, the Group's solar farms generate no direct emissions since they do not burn fossil fuel or any materials to produce energy. Considering indirect GHG emissions, CREIT only produced 0.36 tCO_2e

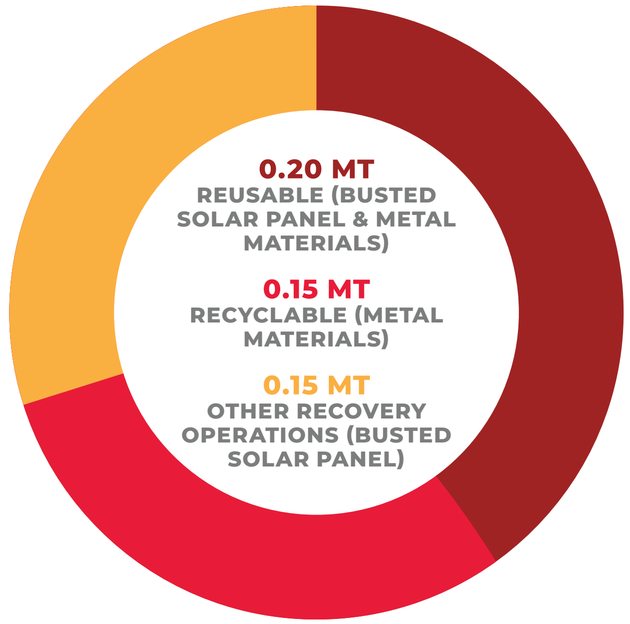


WATER AND EFFLUENTS

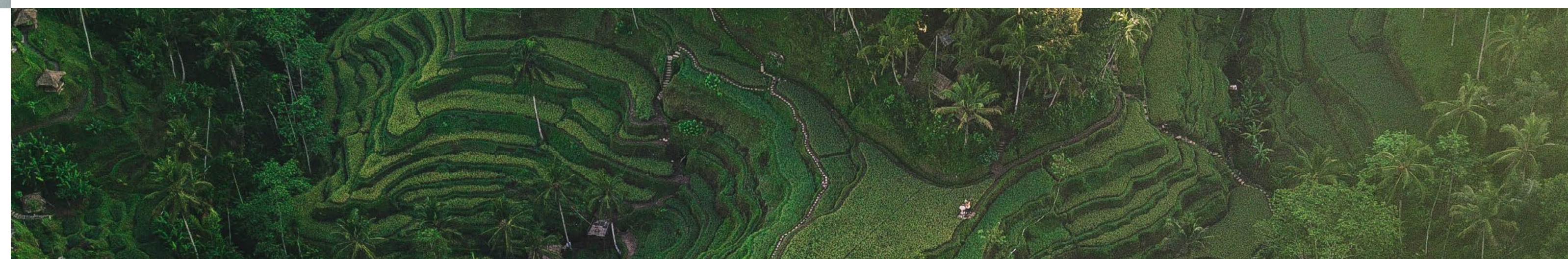
Since solar power operations are inherently less water-consuming, no wastewater is generated. In addition, with no additives and harmful chemicals, water in sites is recycled and drained under the Solar Panel Tables to vegetate grass and other plants. These form part of the Group's sustainable water management practices, like drainage networks, to avoid heavy water outflows and landfilling in the area.

SOLID AND HAZARDOUS WASTE

Generally, solar energy generation does not consume environmentally critical materials, and solar panels do not spawn significant waste during the 25-30 year service life. After the serviceable life, the solar panels will be upcycled, giving a second life to these materials as multi-purpose sheds. The Group launched the EcoShed Program in order for these end-of-life solar panels, or those that are defective and can no longer be used in the solar plant, to be converted into Eco-infrastructure projects like community waiting sheds that are beneficial to the residents of the communities where the solar plants are located. These waiting sheds are built in partnership with the local government units (LGUs) of host communities. After completing the works, these EcoSheds are then donated to them. For other scrap construction materials or defective and damaged parts of the solar infrastructure system, these are being disposed of by accredited suppliers, which the Group monitors to ensure strict adherence to regulatory standards and compliance with all rules and regulations. Future possible hazardous wastes from other site equipment will also be disposed of through the Department of Environment and Natural Resources' (DENR's) accredited processing units, while recyclable materials will be donated to and fabricated by barangay units for infrastructure projects and other useful local community initiatives.



0.50 MT
TOTAL SOLID WASTE



ECOSYSTEMS AND BIODIVERSITY

The Company prioritizes the preservation of Philippine ecosystems and biodiversity. Acknowledging the environmental hazards that arise from the construction of renewable energy assets, CREIT explicitly states in its Environmental Management Framework that none of the Company's properties shall be located in or adjacent to national parks or other protected areas.

Moreover, the Company employs the highest standard of environmental management to minimize its natural effect on the community, ensuring that no endangered species are located near the project sites or along transmission lines. Furthermore, in compliance with existing regulations, CREC plants a minimum of 100 trees for every tree uprooted during site development and construction at CREIT's land assets.

ENVIRONMENTAL COMPLIANCE

The Company and the lessees make a great effort to uphold environmental compliance, as evidenced by the Environmental Management Framework strictly followed. An assigned Pollution Control Officer (PCO) also supervises their operations and ensures that environmental concerns are addressed. To date, CREIT has been operating with zero cases of non-compliance with environmental laws and regulations.

SOCIAL DEVELOPMENT

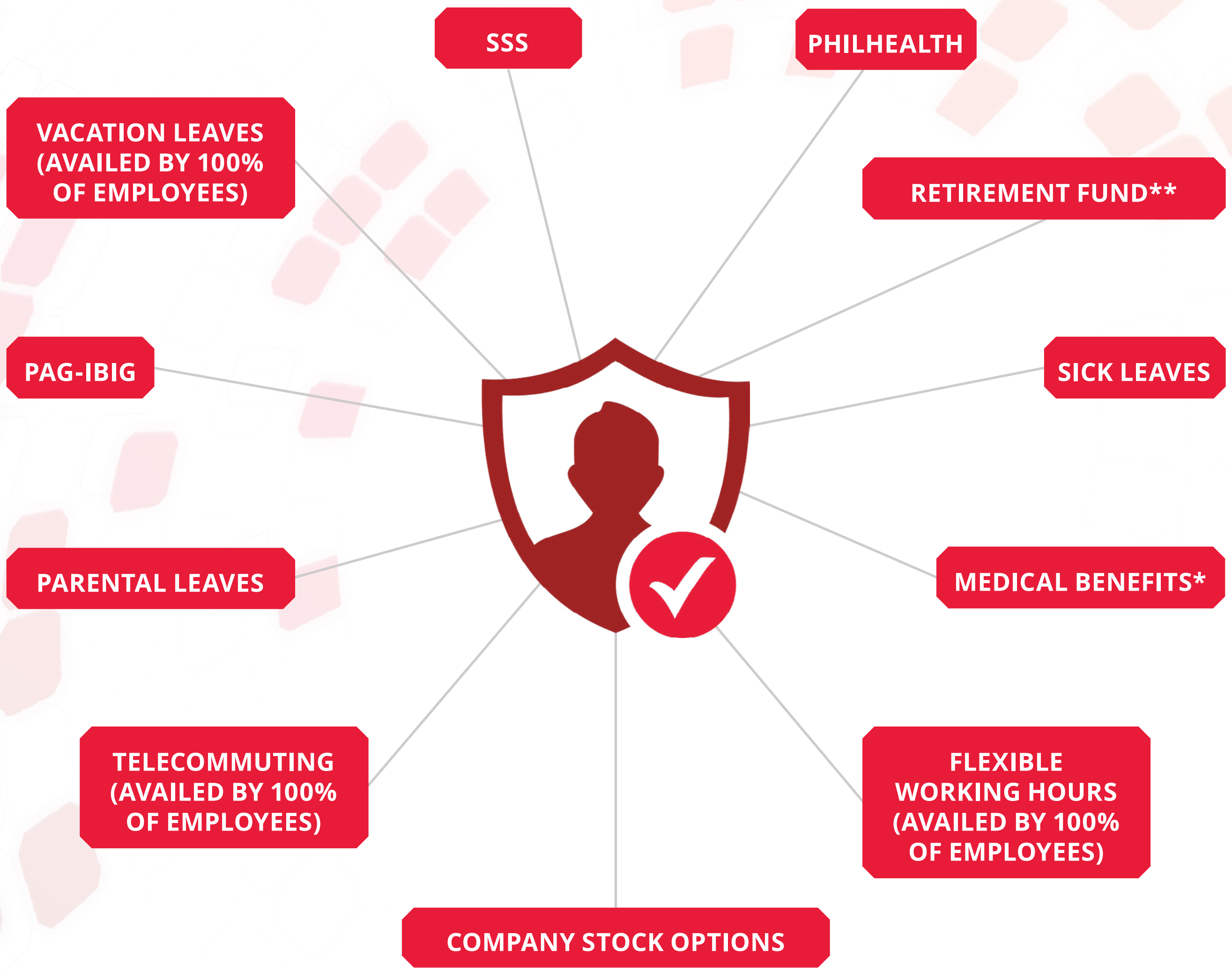
EMPLOYEE MANAGEMENT

CREIT considers its people as its most precious asset as these embody the Company's values and priorities. To facilitate this, we maintain a progressive work environment, upholding a high standard for business ethics and fostering a strong and harmonious relationship between the management and employees. CREIT believes that the collective efforts of all its employees are instrumental in the Company's overall success.

HIRING AND BENEFITS

CREIT prioritizes local hiring within the periphery of its operations. Because it is inevitable that some skills required for the jobs are sometimes elusive in the locality, the Company employs seniors and experienced personnel to serve as on-the-job trainers to hone competencies for employees who are fit to work for the Company. The Company currently has 68 employees, 24% of whom are female, and 76% of whom are male.

The Company considers its employees' well-being a prerequisite to growth and success. They are provided with mandated benefits and others, such as other medical benefits, a retirement fund, company stock options, telecommuting, and flexible working hours. These efforts to ensure their basic well-being have proven to be effective, with the Company having a healthy attrition rate of only 10%.



*aside from PhilHealth ** aside from SSS

CREIT remains committed to building a strong foundation for the Company's long-term growth and expansion through employee learning and development programs. Among the basic initiatives in this area is strict adherence to the minimum wage and benefits standards as well as conducive working environments pursuant to applicable Philippine labor laws. Additionally, there has not been any incidence of work stoppages – a testament to a sound labor-management relationship. To reward performance, CREIT evaluates and recognizes the efforts of its employees and rewards them accordingly using a performance management system.

TRAINING AND DEVELOPMENT

CREIT and its lessees believe that well-skilled and highly trained individuals are crucial in sustaining the Company's growth momentum in the long run; thus, it is critical for the Company to employ competent and dedicated people in their respective fields. To enhance their skills, the Company also provides employee training programs and adheres to regulatory requirements to help its personnel grow and develop.

Employees, both male and female, are offered 96 hours of total training hours as part of their learning and development, with the average training hours acquired by CREIT's staff at 24 hours per employee.

TOTAL TRAINING HOURS PROVIDED TO EMPLOYEES		AVERAGE TRAINING HOURS PROVIDED TO EMPLOYEES	
MALE EMPLOYEES	FEMALE EMPLOYEES	MALE EMPLOYEES	FEMALE EMPLOYEES
96hr	96hr	24hr/ employee	24hr/ employee

WORKPLACE CONDITIONS, LABOR STANDARDS, AND HUMAN RIGHTS

CREIT values its people as the Company's most essential assets. Hence, it is dedicated to developing a space that is safe and conducive enough for them.

CREIT ensures that its employees work within the safe man-hours, which is 239,040. It also conducted six safety drills and three consultations with employees that focused on employee-related policies. This shows the commitment of the Company to implement inclusive policies and maintain a productive and healthy environment for its employees.

Aside from that, the Company also established a Supplier Code of Conducts/Supplier Accreditation and Evaluation that bans forced labor, child labor, bribery, and corruption. It upholds human rights and good environmental performance, ensuring CREIT employees embody the Company's values.

While the Company values local employment and purchases, CREIT still makes sure that its facilities and assets fit the needs of the industry's unique equipment and service specifications. Hence, the Supply Chain Policy of the Company includes the procurement practices of the solar plant operators and that of CREIT.

COVID-19 RESPONSE

CREIT took part in the Community's and the Company's COVID-19 Response and Recovery Program alongside CREIT's Sponsor and the Citicore Foundation.

Citicore Foundation launched a relief response initiative, wherein CREIT participated by extending financial assistance and food packs to Citicore Group employees. The campaign showed CREIT's support to its employees, whether they are working remotely or onsite, to ensure that services to its communities are unhampered and power supply to all its industrial and household customers is uninterrupted.

In addition, donation and food drives to different sectors of the Company's host communities were also mobilized to help them amid the limited mobility during the Enhanced Community Quarantine. These include the provision of essential medical supplies for frontliners in the local community, partner schools, as well as local government units of partner communities. The Company also donated 100 sacks of rice to residents of its host communities through their barangay councils.

CREC worked with the Department of Energy (DOE) to ensure that CREIT's host communities will be able to use their share under the Energy Regulations 1-94 of the Electric Power Industry Reform Act of 2001, which mandates all generating power plants to set aside one centavo per kilowatt-hour of electricity that it generates and sells for its host beneficiaries to be used for various projects. At the height of the COVID-19 pandemic, CREC guaranteed the immediate release of this fund for the COVID response program of the LGUs in CREIT's host areas.

For its part, Citicore Foundation also partnered with TESDA and implemented skills training for residents in CREIT's host communities in Tarlac and Pampanga to equip them with the required skills and competencies, specifically for solar power plant workers. This enabled them to be more competitive, thus helping them to be prioritized for local employment and allowing them better opportunities for a sustainable source of income.

Amid the health crisis, the Company initiated the first and only AgroSolar project in the country in partnership with farmers in CREIT's host communities. This initiative, which combines solar generation and agricultural crop production to co-exist in the same land where the solar farms are located, allows farmers to augment their income by planting and growing Turmeric underneath the panels of the solar farms.

CUSTOMER MANAGEMENT

Despite not having any direct contact with their customers, CREIT and its lessees ensure that they experience satisfaction in their transactions with the Company.

Additionally, the Company strictly observes the National Privacy Commission's Data Privacy Act. All data of the Company's customers and clients are kept with utmost confidentiality to protect the interests of its customers, stakeholders, and the Group.

Moving forward, the Group continues to promote plans to include sustainability considerations in selecting industrial customers.

COMMUNITY

CREIT and its lessees are driven by the values of and vision for environmentally and socially inclusive growth in the surrounding communities. Further, the Sponsor CREC was also able to reduce about 231,720 of CO2 annually, totaling seven (7) million tons for the solar plants' entire design life. The Group also organized other community-building, educational, and eco-Infra-related activities as well as livelihood initiatives to further its vision.

AGROSOLAR

The Group pioneered the AgroSolar concept in the Philippines to make the solar power generation business inclusive and sustainable for the country. High-value crops are grown underneath and around solar panel installations, maximizing land use and pursuing economic and social self-sufficiency for the farmers in the community. This allows solar plants and high-value vegetable crops to co-exist in one area and help farmer communities augment their income, opening more livelihood opportunities in CREIT and its lessees.

BANTAY BASA

Bantay Basa is a school-based literacy program, starting from the school level up to the elder members of the community, aimed at improving the reading competencies and literacy levels within the host communities.

ECOSHED

Eco Shed was introduced as an Eco-Infra project using upcycled solar panels. Under this campaign, end-of-life, defective, or unused solar panels due to deformities are combined with scrap construction materials and recycled into multi-purpose sheds. These Eco Sheds are then donated to host communities to serve as shelters for commuters and outposts for checkpoints manned by local authorities.

T2E: TRAINING-TO-EMPLOYMENT

This program helps Company trainees from local communities develop the necessary skills and competencies to enable them to reach the acceptable capability requirements and ensure employment after receiving the mandatory technical training certifications.

PAILAW

Pailaw is Citicore Solar's Street Light Project that uses renewable energy sources for community lighting. It helps the community improve street safety and enhance walkability.

USBONG SCHOLARSHIP

Usbong is a bridge scholarship grant program that aims to provide educational and financial support to deserving but underprivileged students from host communities.

BRIGADA ESKWELA

Through the Brigada Eskwela campaign, the private sector and professionals are given the opportunity to contribute to enhancing the country's public education system through the Adopt-A-School Program.

CORPORATE GOVERNANCE

CREIT believes that upholding the highest standards of corporate governance is key to creating long-term value and sustaining sound and ethical business practices across the organization. The Company values honesty, integrity, fairness, accountability, and transparency to ensure equal and equitable treatment of all stakeholders.

OUR LEADERS

BOARD OF DIRECTORS

The Company is headed by a competent and highly qualified Board of Directors, who cultivates a culture of competitiveness, responsibility, and sustainability to ensure CREIT's long-term success and value creation, in accordance with the Company's vision, mission, and values and with the utmost regard for the interests of all its shareholders and stakeholders.

EDGAR B. SAAVEDRA
Chairman

OLIVER Y. TAN
President and CEO

JEZ G. DELA CRUZ
Director and Treasurer

MANUEL LOUIE B. FERRER
Director

LEONILO G. CORONEL
Independent Director

JOSE M. LAYUG, JR.
Independent Director

PACITA U. JUAN
Independent Director

ELIZABETH ANNE C. UYCHACO
Independent Director

BOARD COMMITTEES

The Company constituted five (5) Board Committees that assist the Board in its duties to oversee the Company's business and operations:

EXECUTIVE COMMITTEE (EXCOM)
The Executive Committee shall exercise all fiduciary powers of the Board and is particularly important during emergency situations wherein it deliberates on issues requiring urgent and critical decisions. Additionally, ExCom has the authority to approve transactions, policies, procedures, rules, regulations, and all other necessary activities.

AUDIT AND RISK OVERSIGHT COMMITTEE
The Audit Committee is responsible for overseeing the senior management of the Company in establishing and maintaining an effective internal control framework. Overall, it ensures that the systems and processes guarantee transparency through reporting; compliance with laws, regulations, and policies; the efficiency of operations; and the safeguarding of assets. This is supported by the Risk Oversight Committee, which was established to continuously improve the Company's risk management system, business operations, and the protection of assets and resources.

RELATED PARTY TRANSACTION REVIEW AND COMPLIANCE COMMITTEE MEETINGS
The Related Party Transactions Review Committee evaluates existing relations between and among relevant businesses and counterparties to ensure that all related parties are continuously identified or captured and monitored. This allows the Company to identify existing and potential conflicts of interest.

NOMINATIONS, COMPENSATION, AND PERSONNEL COMMITTEE
The Nomination Compensation and Personnel Committee is responsible for recommending a formal and transparent framework of remuneration and evaluation for the members of the Board and key executives.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) COMMITTEE
The ESG Committee provides oversight on matters related to the sustainability performance of the Company. This includes considering the best practices in contributing to sustainable development, and identifying and assessing social, ethical, and environmental interdependencies that can impact the Company.

MEMBERS AND ATTENDANCE

The Board is composed of eight members – half of which are Independent Directors – all elected by the Company's shareholders.

The membership of the Board is a combination of Executive and non-Executive Directors, the majority of which are Non-Executive Directors, including Independent Directors, who possess the necessary qualifications to effectively participate and ensure objective and independent judgment on corporate affairs and exercise proper checks and balances. All of the Directors are equipped with a collective working knowledge, experience, and expertise relevant to the Company's industry or specific sector.

CREIT espouses the value of diversity and is cognizant of the benefits this can bring to the organization. As such, the Company maintains a Board comprised of talented and dedicated Directors with a diverse mix of expertise, experience, skills, and backgrounds that effectively reflect the diverse nature of the industry the Company operates.

From January 1, 2021, to December 31, 2021, the Board of Directors conducted seven regular and special meetings. Aside from the regular and special meetings, the Board of Directors also attends annual meetings of shareholders held every first Monday of April.

BOARD OF DIRECTORS' MEETINGS

Name	Date of Election	No. of Meetings Held (Regular and Special)	No. of Meetings Attended	%
Edgar B. Saavedra Chairman	May 25, 2021	7	7	100%
Manuel Louie B. Ferrer Member	May 25, 2021	7	7	100%
Oliver Y. Tan Member	May 25, 2021	7	7	100%
Jez G. Dela Cruz Member	May 25, 2021	7	7	100%
Leonilo G. Coronel Member (Independent)	May 25, 2021	7	7	100%
Jose M. Layug, Jr. Member (Independent)	May 25, 2021	7	7	100%
Pacita U. Juan Member (Independent)	May 25, 2021	7	7	100%
Elizabeth Anne C. Uychaco Member (Independent)	May 25, 2021	7	7	100%

DUTIES AND RESPONSIBILITIES

The Board is responsible for providing corporate direction and exercising control over the Company's business affairs and management. It is likewise expected to align itself with global best practices in terms of conducting itself with honesty and integrity in overseeing the achievement of the Company's objectives and strategies as well as monitoring their implementation to sustain the Company's long-term viability and profitability.

The Board must also foster a harmonious relationship between the Company and its various stakeholders, avoiding actions and decisions that could possibly damage the Company's image and reputation and erode its financial value.

The Board must provide strategic policies and guidelines to the Company on major capital expenditures and examine the Company's overall performance throughout its conduct. It is also the Board's responsibility to identify key risk areas and performance indicators and monitor these aspects to enable the Company to anticipate and mitigate its possible impacts.

In addition, the Board is expected to adopt a system of internal checks and balances within the Board as a collegial body and across management to ensure the integrity of the decision-making and reporting process at all times. It must also properly disclose all relevant and material information on Directors and officers to help its stakeholders evaluate their experience and assess potential conflict.

REMUNERATION

Each Director receives a reasonable per diem allowance for their attendance at each meeting of the Board and of the Board Committee to which they belong. As compensation, the Board receives and allocates an amount not more than ten percent of the Company's net income before tax during the preceding year. Such compensation is determined and apportioned among directors as the Board may deem fit, subject to the approval of stockholders representing at least the majority of the outstanding capital stock at a regular or special meeting of the stockholders.

On July 26, 2021, the Board approved the provision of PHP 50,000.00 as Director's per diem, per Board Meeting, and a PHP 25,000 monthly allowance through reimbursable expenses for each regular director.

MANAGEMENT TEAM

The Company's Management Team consists of individuals who are experienced and committed to building and managing a sustainable, value-accretive, and crisis-resilient portfolio of businesses. These individuals have spent their careers in the Philippine solar power industry and have gained valuable experience as long-time employees of the Citicore Group. The CREIT Management Team is currently headed by the Chairman of the Board, Mr. Edgar B. Saavedra, a licensed and practicing civil engineer for over twenty years.

KEY MANAGEMENT OFFICERS

Aside from the members of the Board of Directors, the Company has five Executive Officers – the Chief Financial Officer, Compliance Officer, Investor Relations Officer, Corporate Secretary, and Assistant Corporate Secretary.

MIA GRACE PAULA S. CORTEZ
Chief Financial Officer

ATTY. RAYMUND JAY S. GOMEZ
Compliance Officer

MICHELLE A. MAGDATO
Investor Relations Officer

JAIME P. DEL ROSARIO
Corporate Secretary

JAMES A. JUMALON
Asst. Corporate Secretary

ENTERPRISE RISK MANAGEMENT

The Company's overall risk management program aims to identify risks and manage and minimize their potential adverse effects on the Company's financial and operational performance.

The Enterprise Risk Management (ERM) Program is anchored on the Company's Manual of Corporate Governance, established and overseen by the Company's Board of Directors, through the Audit and Risk Oversight Committee, following CREIT's risk management framework. Currently, CREIT developed a three-step risk management process: Risk Assessment, Risk Mitigation, and Risk Monitoring. Moving forward, CREIT aims to report its risk policy more comprehensively and on a regular basis.

The Company's ERM aims to enhance shareholder value and improve CREIT's competitive advantage by effectively managing risks through a standard and well-informed issue-identification, solution-driven, and decision-making mechanism according to the Company's culture and best interests.

The Fund Manager and Property Manager are equally involved in the internal control procedures and risk management system. They are expected to prevent operational risk and ensure the sound operation of the Company's business affairs by establishing internal control procedures. They employ senior management personnel who will be responsible for performing compliance risk control roles and independently perform functions such as internal controls, supervision, inspection, evaluation, reporting, and recommendations.

Additionally, the Fund Manager and Property Manager are expected to establish a scientific risk assessment system to determine, evaluate, and analyze internal and external risks and prevent and resolve risks in a timely manner. The Company, together with the Fund and Property Managers, actively manages and implements a well-balanced risk management strategy that prioritizes the best interest of the Company and its stakeholders.

SHAREHOLDERS' RIGHTS AND BENEFITS

VOTING RIGHT

Directors are elected through cumulative voting. They cannot be removed without cause if it will deny minority shareholders representation in the Board. Shareholders have the right to elect, remove, and replace Directors and vote on certain corporate acts in accordance with the Revised Corporation Code.

PRE-EMPTIVE RIGHT

The Company's articles of incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code. All shareholders have the right to subscribe to the capital stock of the Company unless it is denied in the articles of incorporation, in any amendment, or as may be required by the SEC, and in documents signed by the shareholders. They shall have the right to subscribe to the capital stock of the Company.

POWER OF INSPECTION

Shareholders are allowed to inspect corporate books and records, including minutes of Board meetings and stock registries, Annual Reports, and financial statements. These shall be furnished with Annual Reports (SEC Form 17-A) without cost or restrictions. This is subject to reasonable restrictions in accordance with the Corporation Code and jurisprudence.

RIGHT TO INFORMATION

Upon request, shareholders will be provided periodic reports with personal and professional information about the Directors and officers. They may also be given access to other matters such as their holdings of the Company's shares, dealing with the Company, relationships among Directors and key officers, and the aggregate compensation of Directors and officers.

Minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the meeting agenda, provided the items are for legitimate business purposes.

Minority shareholders also shall have access to all information on matters for which the management is accountable and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of shareholders' meeting, being within the definition of "legitimate purposes."

RIGHTS TO DIVIDENDS

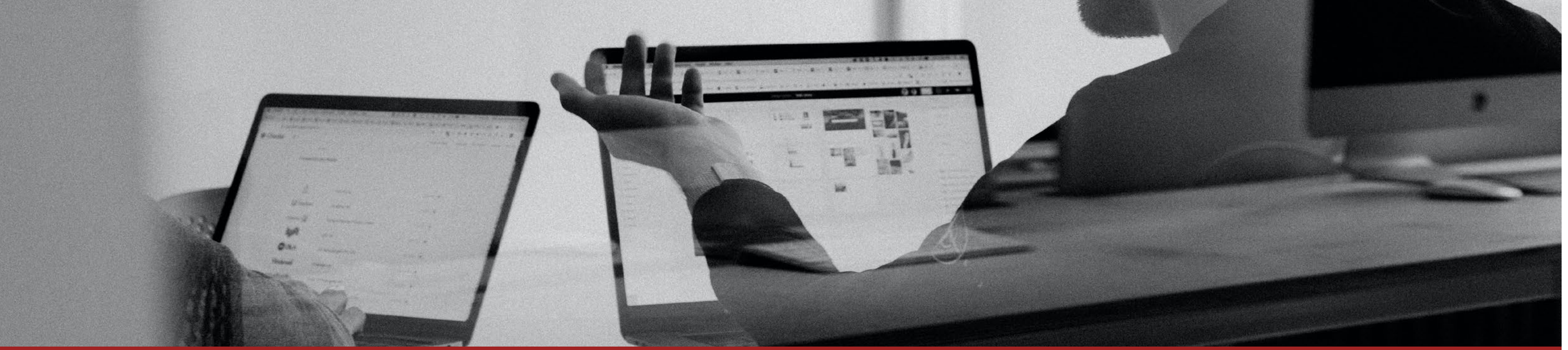
Shareholders' fundamental rights include the right to receive income and other distributions based on their shares and to receive audited accounts and the annual reports of the Company. Pursuant to the REIT Law, shareholders are entitled to receive at least 90% of the Company's distributable income annually. The Company, instead, intends to annually distribute a total of at least 95% of its distributable income as dividends to its shareholders.

The Company must declare dividends when its retained earnings are in excess of 100% of its paid-in capital stock, except:

- when justified by definite corporate expansion projects or programs approved by the Board;
- when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or
- when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies.

APPRAISAL RIGHT

Shareholders have the right to dissent and demand payment of the fair value of their shares in accordance with the provisions of the Revised Corporation Code. As a company that prioritizes the best interests of its shareholders, CREIT upholds their rights by removing any impediments to the exercise of their rights and providing an adequate avenue for them to seek timely redress in case of breach of rights.



COMPANY POLICIES

The Company's policies set standards and expectations for the Company's directors, officers, and employees to ensure that the affairs are done lawfully and according to the Company's values and priorities. These policies reflect the Company's commitment to executing its plans and achieving its goals while embodying the best business practices.

POLICY ON CONFLICT OF INTEREST
CREIT is obligated to consider and act in the best interest of the Company at all times. As such, any relationship or activity that might create or appear to create a conflict of interest should be avoided. Those who are aware of actual or potential conflicts of interest must follow procedures or immediately bring this to the attention of the Sr. Manager for HR & Admin or the VP for Legal and Government Affairs of the Company.

Directors should disclose any actual or potential conflicts of interest to the Chairman of the Board, who shall determine the appropriate action to be taken. Moreover, all directors must recuse themselves from any Board discussion or decision affecting their personal, business/professional transactions and interests.

Fund Managers and Property Managers have an obligation to fully disclose any material interest or conflict to the Company prior to any and all transactions and must also have taken all reasonable steps to ensure fair treatment of the Company.

POLICY ON RELATED PARTY TRANSACTIONS
The Company upholds transparency and fairness in dealings among its management and stakeholders and is committed to monitoring and disclosing all material-related party transactions in accordance with existing laws and regulations. In relation to this, the Board, with the assistance of the Related Party Transaction Review and Compliance Committee, is tasked to oversee all related party transactions to ensure that they are conducted accordingly and legitimately, not undertaken on more favorable economic terms to the related parties than that with non-related or independent parties under similar circumstances.

POLICY ON INSIDER TRADING
As a publicly-listed entity, the Company is subject to various laws and regulations regarding securities trading and relies on the diligence and integrity of its Associates to ensure compliance with these laws and regulations, in particular those covered under the Securities Regulation Code.

POLICY ON HEALTH AND SAFETY WELFARE
The Company believes that human resources are its most valuable asset and is committed to upholding their physical and psychological health as well as their occupational safety and personal welfare. The Company continuously improves its occupational health and safety management to prevent ill-health and work-related injuries and ensure a safe and healthy working environment for all its employees and concerned stakeholders.

POLICY ON WHISTLE BLOWING
The Company strives to realize the highest possible standards of integrity and accountability within the organization. Hence, it encourages all its employees, stakeholders, and others with legitimate concerns about the Company's dealings to communicate with them through a confidential platform.

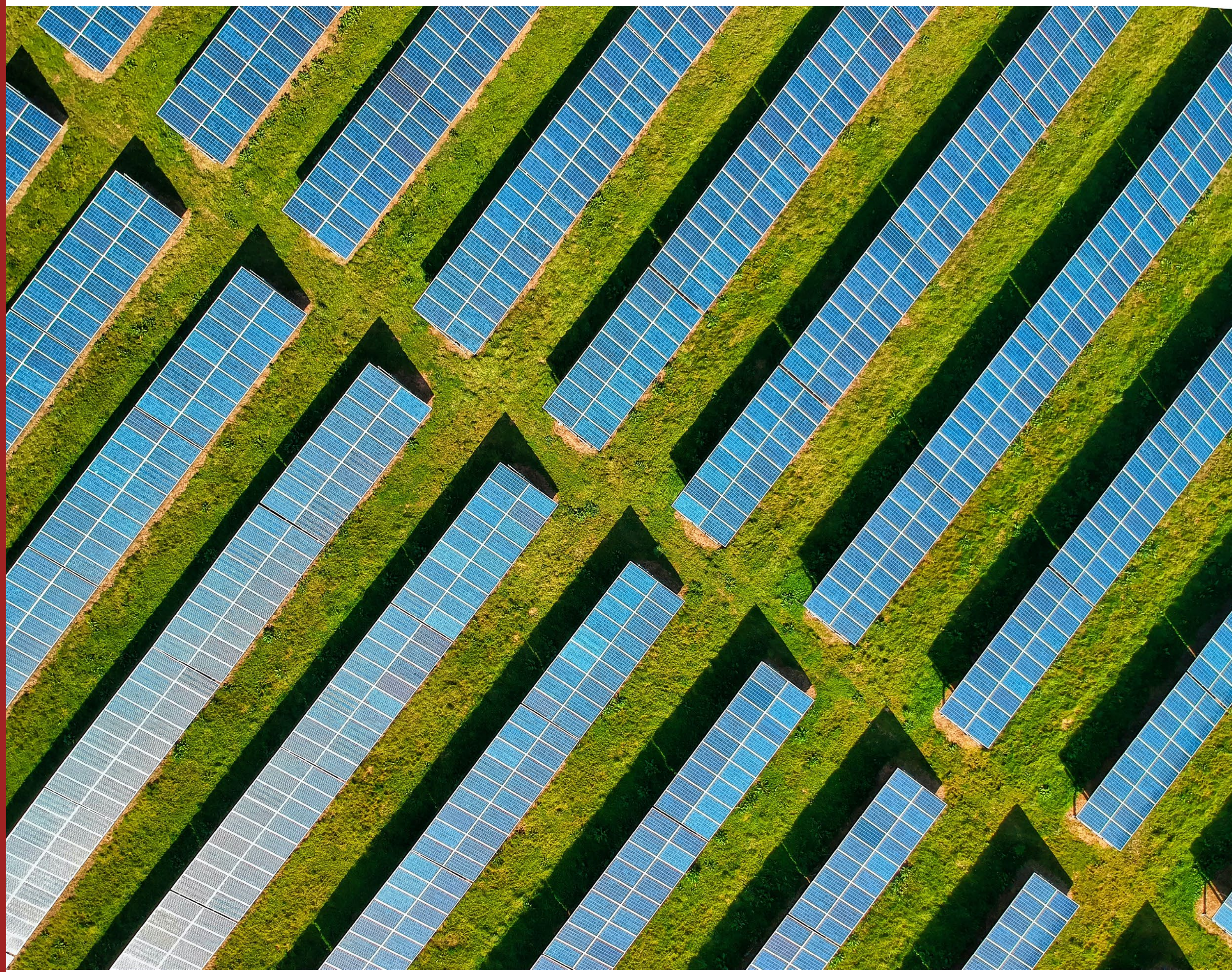
POLICY ON ACQUISITIONS
Acquisitions of real properties by the Company are subject to the requirements under the REIT Act of 2009. Aside from adhering to the Revised Implementing Rules and Regulations of the said law, the Company sets its own criteria to ensure that it is investing in income-generating real estate, as validated by Management, the Board, and the Fund Manager.

INVESTOR RELATIONS

CREIT regularly conducts analysts' briefings, participates in investor conferences, and hosts site visits and facilities tours that enable the Company to foster effective communication with shareholders, stakeholders, and the general public by providing relevant, accurate, and timely information regarding the Company that helps in proper valuation and investment decision-making.

CREIT values accuracy and timeliness. The CREIT Investor Relations (IR) Team, together with the Compliance Officer, ensures that all structured and unstructured disclosures are submitted and disclosed to the Philippine Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) before or within the prescribed period. They are also uploaded to the corporate website for a more convenient, mobile, and prompt access to information for stakeholders and other users.

In addition, the President, CFO, and the CREIT IR Team discuss in detail the company's core businesses, operational and financial performance, and strategic plans, all of which are publicly disclosed to investment fund managers and institutional investors. In this way, the Company can ensure transparency and consistency in information at all times.



PARTNERS AND SPONSOR

CITICORE RENEWABLE ENERGY CORP.

Board of Directors

EDGAR B. SAAVEDRA
Chairman

OLIVER Y. TAN
President

MANUEL LOUIE B. FERRER
Director

RAMON H. DIAZ
Director

JEZ G. DELA CRUZ
Treasurer

Senior Management

ATTY. RAYMUND JAY S. GOMEZ
Chief Compliance Officer

MIA GRACE PAULA S. CORTEZ
Chief Financial Officer

ABIGAIL JOAN R. COSICO
Citicore Group Head for IR

JAIME P. DEL ROSARIO
Vice President,
Legal & Regulatory;
Corporate Secretary

MANOLO T. CANDELARIA
Executive Vice President,
Sales and Operations

MA. CRISTINA D. CABALHIN
Assistant Vice President,
Corporate Affairs & Branding

LALAINE ANN REYES-ROSALES
Sr. Manager, Human
Resources & Admin

AUBREY MARIE P. SOBREVINAS
Sr. Manager, Accounting

ARCYL P. ORFIANO
Sr. Manager,
Corporate Finance

CITICORE FUND MANAGERS, INC.

Board of Directors

LEONILO G. CORONEL
Independent Director
and Chairman

ABIGAIL JOAN R. COSICO
Director

CHRISTOPHER NADAYAG
Director and President

ELIZABETH ANNE C. UYCHACO
Independent Director

RHOEL ALBERTO B. NOLIDO
Independent Director

Senior Management

ARCYL P. ORFIANO
Sr. Manager, Corporate Finance

AUBREY MARIE P. SOBREVINAS
Sr. Manager, Accounting

JAMES A. JUMALON
Corporate Secretary

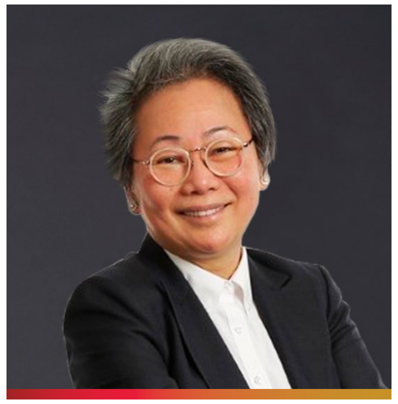
CITICORE PROPERTY MANAGERS, INC.

Board of Directors

RHOEL ALBERTO B. NOLIDO
Independent Director
and Chairman

JAIME P. DEL ROSARIO
Director

ABIGAIL JOAN R. COSICO
Director and President



ELIZABETH ANNE C. UYCHACO
Independent Director

JOSE M. LAYUG, JR.
Independent Director

Senior Management

MANOLO T. CANDELARIA
Responsible Officer

RUEL L. ALMA JR.
Facilities Manager

JAMES A. JUMALON
Corporate Secretary

FINANCIAL STATEMENTS

CITICORE ENERGY REIT

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Citicore Energy REIT Corp. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Isla Lipana & Co. and Maceda Valencia & Co, the independent auditors appointed by the stockholders for the periods December 31, 2021 and 2020 and December 31, 2019, respectively, have audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Edgar B. Saavedra
Chairman of the Board

Oliver Y. Tan
President and Chief Executive Officer

Mia Grace Paula S. Cortez
Chief Financial Officer

Signed this ____ day of _____ APR 1 1 2022

MARIA CARMELA D. HAUTEA
Appointment No. 189 (2020-2021)
Notary Public for and in the Cities of Pasig and San Juan
and in the Municipality of Pateros
Commission Expires on December 31, 2021
276 Col. Bonny Serrano Ave., San Juan City
Roll of Attorneys No. 66585
MCLE Compliance No. VI-0021699
IBP No. 108011/01-07-2020/RSM

ATTY. MARIA CARMELA D. HAUTEA
NOTARY PUBLIC
PASIG
SAN JUAN
PATEROS
PHILS.
ROLL NO. 66585

Doc. No. 117;
Page No. 24;
Book No. III;
Series of [illegible]

115 Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Ave., San Juan City, Metro Manila
+63 8255 4600 | investorrelations@creit.com.ph | www.creit.com.ph

Independent Auditor's Report

To the Board of Directors and Shareholders of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

Report on the Audits of the Financial Statements

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2021 and 2020;
- the statements of total comprehensive income for the years ended December 31, 2021 and 2020;
- the statements of changes in equity for the years ended December 31, 2021 and 2020;
- the statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

Key audit matters	How our audit addressed the key audit matters
In line with the Company's listing at the Philippine Stock Exchange (PSE) on February 22, 2022, the Company completed various Real Estate Investment Trust (REIT) formation transactions during 2021 which include: a. Bank loan assignment to the Parent Company (Note 10).	We addressed the key audit matters by obtaining understanding of the REIT formation transactions and by performing certain audit procedures, which included the following: *a. Bank loan assignment to the Parent Company.* We obtained the bank consent on the assignment of bank loan and the corresponding confirmation of the loan balance as at date of assignment. We also assessed the compliance of the accounting treatment based on the requirements of Philippine Accounting Standards (PAS) 32, *"Financial Instruments: Presentation"*.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)
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Key audit matters	**How our audit addressed the key audit matters**
b. Increase in authorized share capital (Note 14 (a)) and shares subscription through conversion of advances from Citicore Renewable Energy Corporation (the "Parent Company") (Notes 11 (c) and 14 (b)) and assignment of land properties (Notes 8 (a), 11(c) and 14(b)).	b. *Increase in authorized share capital and shares subscription through conversion of advances from Parent Company and assignment of land properties.* We inspected the amended articles of incorporation on the increase of authorized share capital and related subscription agreements, schedule of advances as payment for subscription to the increase in authorized share capital, Treasurer's affidavit on approved amount for conversion, and deed of assignment of land properties. We also verified the appropriateness and sufficiency of the disclosures in accordance with PAS 1, "*Presentation of Financial Statements*" and PAS 40, "*Investment Properties*".
c. Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company (Note 11(e)).	c. *Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company.* We reviewed the assignment contract, lease agreement with Parent Company and the corresponding government authority approval on the assignment. This was added as a disclosure in the financial statements because of its future impact on the financial statements of the Company.
d. Assignment of lease contract, lease and sublease agreements with third parties (Note 20 (b)) and the subsequent subleases and lease contract with related parties (Note 11 (e)). We identified the REIT formation transactions as key audit matters because these are non-recurring, material, and involved complex accounting treatment. In addition, the future operations of the Company as a REIT company are anchored on these formation transactions.	d. *Assignment of lease contract, lease and sublease agreements with third parties and the subsequent subleases and lease contract with related parties.* We obtained the related supporting documents including lease contracts and performed validation and recalculation of the amounts reported in the financial statements. We also considered the requirement of PFRS16, "*Leases*" on recognition of lease income, lease liabilities and right-of-use assets.

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Other Matter

The financial statements of the Company as at and for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2020.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report
To the Board of Directors and Shareholders of
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As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Citicore Energy REIT Corp.
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Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Pocholo C. Domondon.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 6, 2022 at Makati City
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
BIR A.N. 08-000745-128-2021; issued on December 9, 2021; effective until December 8, 2024
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 9, 2022

Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated March 9, 2022.

In compliance with SRC Rule 68 and based on the certification we received from the Company's corporate secretary, the Company has two (2) shareholders, each owning one hundred (100) or more shares, as at December 31, 2021.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
CPA Cert. No. 108839
P.T.R. No. 0011401; issued on January 6, 2022 at Makati City
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SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 213-227-235
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Makati City
March 9, 2022

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Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
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(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have audited the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated March 9, 2022. The supplementary information shown in Schedules A, B, C, D, E, F, and G, Reconciliation of Retained Earnings Available for Dividend Declaration and the Map showing the relationships between and among the Company and its ultimate parent company, middle parent, subsidiaries or co-subsidiaries, and associates, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Pocholo C. Domondon
Partner
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Makati City
March 9, 2022

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Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)
11F Rockwell Santolan Town Plaza
276 Col. Bonny Serrano Avenue
San Juan City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing the financial statements of Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") as at and for the years ended December 31, 2021 and 2020 and have issued our report thereon dated March 9, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the revised Rule 68 of the SRC issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at and for the years ended December 31, 2021 and 2020 and no material exceptions were noted.

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Pocholo C. Domondon
Partner
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P.T.R. No. 0011401; issued on January 6, 2022 at Makati City
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SEC A.N. (firm) as general auditors 0142-SEC, Category A;
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Makati City
March 9, 2022

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Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Financial Position
As at December 31, 2021 and 2020
(All amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	3	49,014,348	71,737,473
Trade and other receivables, net	4	41,892,701	258,905,233
Prepayments and other current assets	5	54,208,397	11,601,430
Total current assets		145,115,446	342,244,136
Non-current assets			
Trade and other receivables, net of current portion	4	85,982,098	-
Property, plant and equipment, net	6	1,331,185,212	1,390,337,430
Investment properties, net	8	288,013,130	-
Right-of-use assets, net	20	37,559,128	39,685,116
Deferred income tax assets, net	19	8,200,316	-
Other non-current assets	7	12,765,682	8,975,048
Total non-current assets		1,763,705,566	1,438,997,594
Total assets		1,908,821,012	1,781,241,730
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	9	51,397,336	125,610,375
Due to a related party	11	56,144,929	-
Loans payable	10	-	126,446,281
Lease liabilities	20	1,263,480	294,139
Total current liabilities		108,805,745	252,350,795
Non-current liabilities			
Loans payable, net of current portion	10	-	909,809,551
Lease liabilities, net of current portion	20	103,132,719	51,060,996
Due to a related party, net of current portion	11	68,521,747	-
Retirement benefit obligation	13	314,672	2,915,664
Total non-current liabilities		171,969,138	963,786,211
Total liabilities		280,774,883	1,216,137,006
Equity			
Share capital	14	1,374,545,501	539,999,999
Additional paid-in-capital	14	2,465,066	-
Remeasurement on retirement benefits	13	50,894	-
Retained earnings		250,984,668	25,104,725
Total equity		1,628,046,129	565,104,724
Total liabilities and equity		1,908,821,012	1,781,241,730

The notes on pages 1 to 50 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Total Comprehensive Income
For the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Sale of electricity	15	334,519,230	269,076,808	248,010,727
Rental income	11, 15	17,773,892	-	-
Revenues		352,293,122	269,076,808	248,010,727
Cost of services	16	(74,207,762)	(94,623,573)	(98,375,976)
Gross profit		278,085,360	174,453,235	149,634,751
Operating expenses	17	(56,972,789)	(7,987,959)	(3,386,831)
Income from operations		221,112,571	166,465,276	146,247,920
Finance costs	18	(29,438,870)	(64,054,226)	(68,727,061)
Other income, net	18	26,005,926	1,703,762	2,050,084
Income before income tax		217,679,627	104,114,812	79,570,943
Income tax benefit	19	8,200,316	-	-
Net income for the year		225,879,943	104,114,812	79,570,943
Other comprehensive income				
Other comprehensive income that will not be subsequently reclassified to profit or loss				
Remeasurement gain on retirement benefits, net of tax	13	50,894	-	-
Total comprehensive income for the year		225,930,837	104,114,812	79,570,943
Earnings per share				
Basic and diluted	21	0.08	0.04	0.03

The notes on pages 1 to 50 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Common shares (Note 14)	Preference shares (Note 14)	Total share capital (Note 14)	Additional paid-in-capital	Remeasurement on retirement benefits (Note 13)	Retained earnings (Deficit)	Total
Balances at January 1, 2019	72,860,309	467,139,690	539,999,999	-	-	(158,581,030)	381,418,969
Comprehensive income							
Net income for the year	-	-	-	-	-	79,570,943	79,570,943
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	79,570,943	79,570,943
Balances at December 31, 2019	72,860,309	467,139,690	539,999,999	-	-	(79,010,087)	460,989,912
Comprehensive income							
Net income for the year	-	-	-	-	-	104,114,812	104,114,812
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	104,114,812	104,114,812
Balances at December 31, 2020	72,860,309	467,139,690	539,999,999	-	-	25,104,725	565,104,724
Comprehensive income							
Net income for the year	-	-	-	-	-	225,879,943	225,879,943
Other comprehensive income for the year	-	-	-	-	50,894	-	50,894
Total comprehensive income for the year	-	-	-	-	50,894	225,879,943	225,930,837
Transactions with owners							
Reclassification of preference shares to common shares	467,139,690	(467,139,690)	-	-	-	-	-
Issuance of shares	834,545,502	-	834,545,502	2,465,066	-	-	837,010,568
	1,301,685,192	(467,139,690)	834,545,502	2,465,066	-	-	837,010,568
Balances at December 31, 2021	1,374,545,501	-	1,374,545,501	2,465,066	50,894	250,984,668	1,628,046,129

The notes on pages 1 to 50 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Cash flows from operating activities				
Income before income tax		217,679,627	104,114,812	79,570,943
Adjustments for:				
Depreciation and amortization	6, 20	61,751,372	61,285,334	61,270,709
Finance costs	18	29,438,870	64,054,226	68,727,061
Unrealized foreign exchange losses, net	22	55,318	11,175	60,375
Reversal of provision for asset retirement obligation	12	-	(1,056,902)	-
Provision for doubtful account of other receivable	4	-	1,944,096	-
Interest income	3, 4, 18	(277,078)	(662,181)	(2,110,459)
Retirement benefit (income) expense	13	(2,550,098)	2,915,664	-
Gain on compromise settlement of due to government agencies	9, 18	(25,200,913)	-	-
Operating income before working capital changes		280,897,098	232,606,224	207,518,629
Changes in working capital:				
Trade and other receivables		(166,432,084)	(132,219,223)	(65,175,700)
Prepayments and other current assets		(6,942,596)	(158,182)	1,126,048
Other non-current assets		(3,790,634)	(306,840)	(308,357)
Trade payables and other liabilities		(17,741,987)	19,004,500	5,179,618
Net cash generated from operations		85,989,797	118,926,479	148,340,238
Interest received		277,078	662,181	2,110,459
Net cash provided by operating activities		86,266,875	119,588,660	150,450,697
Cash flows from an investing activity				
Additions to property, plant and equipment	6	-	-	(175,500)
Cash flows from financing activities				
Principal payment of lease liabilities	20	(955,048)	(87,598)	(235,236)
Interest payment on lease liabilities	20	(4,464,960)	(4,026,048)	(3,686,845)
Principal payment of loans from a bank	10	(31,611,570)	(61,363,636)	(122,727,273)
Interest payment on loans from a bank	10	(36,940,830)	(29,438,488)	(63,355,700)
Payment of share issuance costs	5	(35,017,592)	-	-
Net cash used in financing activities		(108,990,000)	(94,915,770)	(190,005,054)
Net (decrease) increase in cash and cash equivalents		(22,723,125)	24,672,890	(39,729,857)
Effects of exchange rate changes in cash and cash equivalents		-	-	-
Cash and cash equivalents at January 1		71,737,473	47,064,583	86,794,440
Cash and cash equivalents at December 31	3	49,014,348	71,737,473	47,064,583

The notes on pages 1 to 50 are integral part of these financial statements.

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Notes to the Financial Statements
As at and for the years ended December 31, 2021 and 2020
(With comparative figures for the year ended December 31, 2019)
(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

(a) Corporate information

Citicore Energy REIT Corp. (formerly Enfinity Philippines Renewable Resources Inc.) (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010.

Prior to May 25, 2021, the Company's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy.

The amended primary purpose of the Company is to engage in the business of owning income-generating real estate assets, including renewable energy generating real estate assets, under a real estate investment trust (REIT) by virtue of Republic Act (RA) No. 9856, otherwise known as the *"Real Estate Investment Trust Act of 2009"* and its implementing rules and regulations.

The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under RA No. 9513, otherwise known as the *"Renewable Energy Act of 2008"*.

Prior to October 12, 2021, CREC (the "Parent Company") owns 100% of the Company in 2019 and 2020.

The Company's 22.33-megawatt (MW) Clark Solar Power Project in Clark, Freeport Zone, Pampanga was successfully commissioned on March 12, 2016 through the confirmation of the Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B with validity of 25 years. On October 13, 2021, the Company assigned the SESC to the Parent Company, making the latter the operator of the Clark Solar Power Plant. The assignment was approved by the DOE on December 24, 2021.

The Company's ultimate parent company beginning May 17, 2018 is Citicore Holdings Investment, Inc., a company incorporated in the Philippines as a holding company engaged in buying and holding shares of other companies.

On May 25, 2021, the Company's Board of Directors (BOD) and shareholder approved, among others, the following amendments to the Company's Articles of Incorporation (AOI): (i) change of corporate name from Enfinity Philippines Renewable Resources Inc. to Citicore Energy REIT Corp.; (ii) amendment of the primary purpose to that of a real estate investment trust; (iii) change of principal office address from Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga to 11F, Rockwell Santolan Town Plaza, 276 Col. Bonny Serrano Avenue, San Juan City, Metro Manila; and (iv) increase of authorized share capital to P3.84 billion divided into 15.36 billion common shares with par value of P0.25 per share.

On May 26, 2021, as part of the increase in authorized share capital, the Parent Company subscribed to 2,400,000,000 shares as consideration for the assignment by Parent Company of its advances to the Company amounting to P602,465,066. In addition, Parent Company and Citicore Solar Tarlac 1, Inc. (CST1) (formerly nv vogt Philippine Solar Energy Three, Inc.) subscribed to 19,461,142 shares and 918,720,864 shares, respectively, or a total of 938,182,006 shares, as consideration for the assignment of parcels of land, with an aggregate area of 138,164 sq.m., located in Brgy. Armenia, Tarlac (Note 14).

The Company's submission to the SEC for the foregoing amendments was approved on October 12, 2021.

Upon issuance of the shares during 2021, the Company's shareholding structure was 16.7% and 83.3% owned by CST1 and Parent Company, respectively.

As at December 31, 2021, the Company has two (2) shareholders, each owning one hundred (100) or more shares.

On November 4, 2021, the Company's BOD and shareholders approved, among others, to amend its AOI and delete one of the secondary purposes reflected in the amended AOI as approved by BOD on May 25, 2021 as follows: "to invest in or otherwise engage in the exploitation, development, and utilization of renewable energy resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy". The Company's submission to the SEC for the foregoing amendment was approved on November 17, 2021.

On January 14, 2022 and February 2, 2022, the Philippine Stock Exchange ("PSE") issued notice of acceptance and the Philippine SEC issued permit to sell, respectively, in relation to the Company's application for initial public offering. The Company attained its status as "public company" on February 22, 2022 when it listed its shares as a Real Estate Investment Trust (REIT) in the main board of the PSE. As a public company, it is covered by the Securities Regulation Code ("SRC") Rule 68.

(b) Approval and authorization for the issuance of financial statements

These financial statements have been approved and authorized for issuance by the Company's BOD on March 9, 2022.

Note 2 - Segment reporting

The Company's operating businesses are organized and managed according to the nature of the products and services that are being marketed. Each segment represents a strategic business unit that offers different products and serves different markets. The Company has operations only in the Philippines.

The Company derives revenues from two (2) main segments as follows:

(a) Sale of solar energy

This business segment pertains to the generation of electricity from solar power energy through its Clark Solar Power Project. Transco is the Company's sole customer for its sale of solar energy. As a result of assignment of Solar Energy Service Contract of the Clark Solar Plant to its Parent Company, the sale of solar energy business was terminated with the approval of the DOE. On December 24, 2021, the DOE approved the assignment effective December 25, 2021 (Note 15).

(b) Leasing

This business segment pertains to the rental operations of the Company with related parties which commenced in November 2021 (Note 15).

During 2020, the Company only had one (1) operating segment, the sale of solar energy. All the amounts reported in the financial statements of the Company as at and for the year ended December 31, 2020 are attributable to this segment.

The segment assets, liabilities and results of operations of the reportable segments of the Company as at and for the year ended December 31, 2021 are as follows:

	Leasing	Sale of solar energy	Total
Revenue	17,773,892	334,519,230	352,293,122
Cost of services	(806,147)	(73,401,615)	(74,207,762)
Gross profit	16,967,745	261,117,615	278,085,360
Operating expense	(47,238,419)	(9,734,370)	(56,972,789)
Finance costs	(453,855)	(28,985,015)	(29,438,870)
Other income, net	-	26,005,926	26,005,926
Income (loss) before income tax	(30,724,529)	248,404,156	217,679,627
Income tax benefit (expense)	16,597,226	(8,396,910)	8,200,316
Net income for the year	(14,127,303)	240,007,246	225,879,943
Segment assets			
Current	35,664,371	109,451,075	145,115,446
Non-current	307,067,354	1,465,035,122	1,772,102,476
	342,731,725	1,574,486,197	1,917,217,922
Segment liabilities			
Current	940,077	107,865,668	108,805,745
Non-current	52,699,238	127,666,810	180,366,048
	53,639,315	235,532,478	289,171,793

All revenues of the Company are from domestic entities incorporated in the Philippines, hence, the Company did not present geographical information required by Philippine Financial Reporting Standards (PFRS) 8, *"Operating Segments"*.

Difference in total assets and total liabilities under segment reporting and in the statements of financial position pertains to the deferred income tax asset of leasing segment and deferred tax liability of sale of solar energy amounting to P16,597,226 and P8,396,910, respectively, which were presented as deferred income tax assets, net amounting to P8,200,316 in the statements of financial position (Note 19).

Note 3 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash on hand	65,000	35,000
Cash in banks	10,783,402	12,763,953
Short-term placements	38,165,946	58,938,520
	49,014,348	71,737,473

Cash in banks earn interest at the prevailing bank deposit rates. Short-term placements represent money market placements or short-term investments with maturities up to three (3) months and annual interest ranging from 0.087% to 1.00% (2020 - 1.23% to 1.85%).

Interest income earned from cash in banks and short-term placements for the years ended December 31 are as follows:

	Note	2021	2020	2019
Interest income	18	246,942	662,181	2,075,226

Note 4 - Trade and other receivables, net

Trade and other receivables, net as at December 31 consist of:

	Note	2021	2020
Current			
Trade receivables from TransCo		41,892,701	41,996,272
Due from related parties	11	-	216,908,961
Other receivable		1,944,096	1,944,096
Allowance for doubtful account of other receivable		(1,944,096)	(1,944,096)
		-	-
		41,892,701	258,905,233
Non-current			
Trade			
Receivables from TransCo		83,525,100	-
Lease receivables	11	2,456,998	-
		85,982,098	-

Trade receivables are generally collectible within a 60-day period. In accordance with the Renewable Energy Payment Agreement (REPA), in the event that National Transmission Corporation (TransCo) fails to pay any amount stated in the feed-in tariff (FIT) statement of account upon the lapse of one billing period from the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the relevant payment date to the day such amount is actually paid. Interest rate is the rate prevailing for a 91-day treasury bill plus 3%.

Details of interest income arising from late payments of TransCo are as follows:

	Note	2021	2020	2019
Interest income	18	30,136	-	35,233

(4)

Details of trade receivables from TransCo as at December 31 are as follows:

	Current	Non-current	Total
2021			
Trade receivables	41,904,520	96,255,187	138,159,707
Discount on receivables	(11,819)	(12,730,087)	(12,741,906)
	41,892,701	83,525,100	125,417,801
2020			
Trade receivables	41,996,272	-	41,996,272
Discount on receivables	-	-	-
	41,996,272	-	41,996,272

During 2020, the ERC issue Resolution No. 06, Series of 2020, which was further clarified in February 2021, to confirm that the actual recovery of the arrears FIT rate adjustment shall be for a period of 5 years whereas those from January 2016 generation shall start billing in December 2020 and payment schedule starts in January 2021. During 2021, a reversal was made amounting to P4.85 million for the November and December 2020 billings where TransCo confirmed that the FIT rate adjustments will be collected beginning December 2021. This was offset with the additional revenue recognized during December 2021 amounting to P83.53 million to be recovered within the next 5 years after December 31, 2021 (Note 15). Discount on trade receivables from TransCo arising from this amounted to P12.74 million as at December 31, 2021.

There were no transactions that would warrant recognition of discount on trade receivables as at and for the year ended December 31, 2020.

Lease receivables pertain to accrued rent resulting from the straight-line method of recognizing rental income.

Other receivable pertains to a refund for overpaid insurance. During 2020, the Company provided an allowance for doubtful accounts for this receivable amounting to P1.94 million due to the changes in its credit quality. The provision was recognized as part of operating expenses in the statements of total comprehensive income (Note 17).

The Company does not hold any collateral as security. Management believes that an allowance for doubtful accounts as at December 31, 2021 and 2020, except for other receivable which has been fully provided for, is not necessary since these account balances are deemed fully collectible. Trade receivables are all current in nature and all previous billings were collected in full.

None of the trade and other receivables that are fully performing have been renegotiated.

Note 5 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	2021	2020
Deferred share issuance costs	35,664,371	-
Input value-added tax (VAT)	12,081,806	9,435,619
Advances to suppliers	5,094,408	481,558
Prepaid taxes	906,900	1,430,404
Advances to employees	448,662	217,509
Others	12,250	36,340
	54,208,397	11,601,430

Deferred share issuance costs pertain to expenses incurred relative to the listing and offering of the Company's shares to the public.

(5)

Input VAT represents VAT on purchases of goods and services which can be recovered either as tax credit against future output VAT or through refund.

Advances to suppliers represent prepayment of supplies or services which will be delivered or rendered within the next 12 months.

Prepaid taxes include overpayment of withholding taxes and income taxes.

Advances to employees represent unliquidated cash advances to employees for business related purposes and are to be liquidated from completion of the activity.

Note 6 - Property, plant and equipment, net

Details and movements of property, plant and equipment, net as at and for the years ended December 31 are as follows:

	Solar plant and equipment	Substation and transmission lines	Computer equipment	Service vehicle	Total
Cost					
January 1, 2020, December 31, 2020 and 2021	1,664,296,964	44,477,618	40,000	135,500	1,708,950,082
Accumulated depreciation					
January 1, 2020	250,999,718	8,427,780	10,000	15,808	259,453,306
Depreciation	55,914,483	3,204,430	13,333	27,100	59,159,346
December 31, 2020	306,914,201	11,632,210	23,333	42,908	318,612,652
Depreciation	55,906,693	3,205,091	13,334	27,100	59,152,218
December 31, 2021	362,820,894	14,837,301	36,667	70,008	377,764,870
Net book values					
December 31, 2021	1,301,476,070	29,640,317	3,333	65,492	1,331,185,212
December 31, 2020	1,357,382,763	32,845,408	16,667	92,592	1,390,337,430

The Clark Solar Power Project was funded through a Term Loan Facility Agreement with Development Bank of the Philippines (DBP). The solar plant and equipment include capitalized borrowing costs amounting to P13.69 million. The Company's solar plant and equipment is pledged as collateral under the chattel mortgage agreement entered into in relation to this agreement. On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP. As a result, the chattel mortgage agreement was rescinded by DBP on November 3, 2021.

There were no additions for the years ended December 31, 2021 and 2020.

Depreciation expenses for the years ended December 31 are recognized as follows:

	Notes	2021	2020	2019
Cost of services	16	59,111,784	59,118,913	59,118,913
Operating expenses	17	40,434	40,433	25,808
		59,152,218	59,159,346	59,144,721

In 2019, management assessed, based on internal evaluations, that they will be able to utilize the solar plant and equipment for up to 30 years and substation and transmission lines for up to 15 years from the start of commercial operation which is also aligned with industry practice. As such, the BOD approved the change in estimated useful life of solar plant and equipment from 23 years to 30 years and substation and transmission lines from 23 years to 15 years.

The change in estimated useful life is considered to be a change in accounting estimate accounted for prospectively by recognizing the effect of the change in the period of change and future periods until the end of the useful life. The net effect of the change in useful life is decrease in depreciation expense annually amounting to P12.74 million starting 2019 to 2031 and P15.95 million starting 2032 to 2040 and increase amounting to P55.91 million from 2041 to 2045.

Following the approval of the DOE on the assignment of SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company effective December 25, 2021, the Company leased out the Clark Solar Plant to its Parent Company in exchange of fixed and variable lease rental (Note 11). The Parent Company became the Clark Solar Plant operator.

Based on the results of management assessment, the Company believes that there were no indicators of impairment as at December 31, 2021 and 2020.

Note 7 - Other non-current assets

Other non-current assets as at December 31 consist of:

	Note	2021	2020
Electric utility deposits		6,580,541	6,580,541
Security deposits	20	5,279,310	1,779,310
Restricted cash		905,831	615,197
		12,765,682	8,975,048

Electric utility deposits represent deposits to an electric power distribution company which are to be refunded after the service is terminated and all bills have been paid. Electric utility and security deposits will be assigned to the Parent Company in 2022 in line with the assignment of SESC.

Restricted cash pertains to cash deposited in a local bank pursuant to Section 5(i) of RA No. 7638, otherwise known as, the *"Department of Energy Act of 1992"*, Energy Regulation No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour of the total electricity sold as financial benefits to the host communities.

Note 8 - Investment properties, net

Details of investment properties as at December 31, 2021 are as follows:

	Freehold land asset	Leasehold land asset	Total
Cost			
January 1	-	-	-
Additions	234,545,502	53,940,794	288,486,296
December 31	234,545,502	53,940,794	288,486,296
Accumulated amortization			
January 1	-	-	-
Amortization	-	(473,166)	(473,166)
December 31	-	(473,166)	(473,166)
Net book values	234,545,502	53,467,628	288,013,130

The amounts recognized in the statements of total comprehensive income for the year ended December 31, 2021 related to the investment properties are as follows:

	Notes	Freehold land asset	Leasehold land asset	Total
Rental income	15	9,681,801	8,092,091	17,773,892
Cost of services	16	-	(473,166)	(473,166)
Operating expenses	17	(6,020,669)	-	(6,020,669)
Finance costs	18	-	(453,855)	(453,855)
Profit arising from investment properties		3,661,132	7,165,070	10,826,202

(a) Freehold land asset

On May 25, 2021, the Company and Parent Company, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys a parcel of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances, valued at P4,865,286 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital. On the same date, the Company and CST1, an entity under common control, executed a deed of assignment whereas the latter hereby assigns, transfers, and conveys several parcels of land located in Brgy. Armenia, Tarlac City, Tarlac to the former, absolutely, and free from all liens and/or encumbrances valued at P229,680,216 in consideration for the issuance of Company's shares upon approval of the SEC of the Company's application for the increase in authorized share capital (Note 14). These parcels of land are recognized in reference to its fair value.

The actual transfer and registration of the parcels of land to the Company's name were finalized on October 27, 2021.

The aggregate fair value of these parcels of land as determined by an independent appraiser as at October 31, 2021 amounted to P687,161,000. Management has assessed that there are no significant changes in the fair value of the parcels of land as at December 31, 2021 from the date of appraisal. The fair value of the parcels of land was estimated by the independent appraiser using the discounted cash flow analysis grounded on the principle that the value of an economic entity is the present worth of the economic benefits it will generate in the future (i.e., economic benefits come in the form of lease of the solar power plant). This approach requires a forecast of the economic entity's stream of net income based on lease contract. These net income or rents are then summed up and discounted back to present value by an appropriate discount rate, then add the terminal value of the property. The valuation process consists of estimation of the current market value of the leased property and present value of the unexpired contract rentals. The discounted cash flow analysis falls under the income approach which is a method in which the appraiser derives an indication of value for income-producing property by converting anticipated future benefits into current property value. This approach falls under Level 3 of the fair value hierarchy (Note 24.5).

The fair value is sensitive to the following unobservable inputs: (1) lease income growth rate (fixed and variable lease) which were based on the signed lease contracts and (2) discount rate of 7.01% set using the weighted average cost of capital based on the average capital structure of the companies in the solar energy sector as of the valuation date.

The current use of the parcels of land is its highest and best use.

Rental income earned in relation to these parcels of land for the year ended December 31, 2021 amounted to P9.68 million (Note 15). Expenses incurred in relation to these parcels of land for the year ended December 31, 2021 amounting to P0.30 million, P3.40 million and P2.32 million pertain to registration fees, local transfer tax and other fees are included as part of professional fees, outside services and taxes and licenses, respectively, under operating expenses in the statements of total comprehensive income (Note 17).

(b) Leasehold land assets

On July 26, 2021, the Company entered into a contract of sublease and contract of lease with the owners of parcels of land with a total aggregate area of approximately 4.8 hectares and 5.6 hectares, respectively, which are located in Brgy. Dalayap, Tarlac City, Tarlac. Each land properties are covered by an existing lease contract with an original term from November 1, 2015 to October 31, 2040 with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.), an entity under common control. The Company will sublease the land back to CST2. These agreements are effective for 19 years commencing on November 1, 2021 until October 31, 2040 which may be extended at the option of the Company for another 25 years upon the acceptance by and consent of the lessor.

Right-of-use assets arising from these leasing arrangements are presented under leasehold land assets. Land is the underlying asset to which the right-of-use asset would be grouped if this was owned by the Company.

Rental income earned in relation to these right-of use assets for the year ended December 31, 2021 amounted to P8.09 million (Note 15). Expenses incurred in relation to these parcels of land for the year ended December 31, 2021 amounting to P0.47 million and P0.45 million is related to amortization and interest expense recorded as part of cost of services and finance costs, respectively.

Note 9 - Trade payables and other liabilities

Trade payables and other liabilities as at December 31 consist of:

	Note	2021	2020
Trade payables - third parties		16,798,407	6,794,533
Due to government agencies		33,723,763	85,508,641
Accrued expenses		875,166	1,390,283
Interest payable	10	-	31,916,918
		51,397,336	125,610,375

Trade payables to third parties are normally due within a 30-day period.

On May 6, 2021, the Company settled a portion of its due to government agencies with a local government unit amounting to P51.86 million by paying P22.17 million through compromise settlement. The difference of the obligation settled and the actual payment, including professional fees, amounting to P25.2 million was recognized as part of other income, net in the statements of total comprehensive income (Note 18). The remaining balance of due to government agencies pertains to unpaid business taxes to a local government unit.

Accrued expenses mainly include utilities, operations and maintenance expenses, which are normally settled the following month.

Note 10 - Loans payable

Details of loans payable as at December 31, 2020 consist of:

Development Bank of the Philippines

	Amount
Current	126,446,281
Non-current	909,809,551
	1,036,255,832

Movements in loans payable for the years ended December 31 are as follows:

	2021	2020
Principal amount		
January 1	1,043,181,818	1,104,545,454
Assignment of loan	(1,011,570,248)	-
Payments	(31,611,570)	(61,363,636)
December 31	-	1,043,181,818
Debt issuance cost		
January 1	(6,925,986)	(9,289,563)
Amortization	6,925,986	2,363,577
December 31	-	(6,925,986)
	-	1,036,255,832

In 2016, the Company entered into a P1.35 billion Term Loan Facility Agreement with DBP. The facility was entered to finance the construction of Clark Solar Power Project. The entire facility was drawn on December 9, 2016.

The loan has a term of 12 years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in forty-four equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. The Company shall pay interest at fixed rate based on the bank's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown and subject to adjustment by the bank at such rate as it may be determined at the end of fifth and tenth year of the loan.

As long as the loan agreement is in effect and until the payment is full and all other amounts due under the agreement have been collected by the bank, the Company agrees, unless the bank otherwise consent in writing, that the Company will not declare or pay dividends to its shareholder, other than dividends payable solely in shares of its share capital, or retain, retire, purchase or otherwise acquire any class of its share capital, or make any other capital or other asset distribution to its shareholders. Further, the Company shall maintain at all times during the entire term of the loan a debt-to-equity ratio (DER) of not exceeding 2:1 and current ratio and debt service coverage ratio of not less than one (1) as defined in the Term Loan Facility Agreement. As at December 31, 2020, the Company has complied with these covenants.

In March 2020, the Philippine government enacted the granting of a 30-day grace period for all loans with principal and/or interest falling due within the Enhanced Community Quarantine period without incurring interest on interest, penalties, fees and other charges pursuant to Republic Act No. 11649, also known as the *"Bayanihan to Heal as One Act"*. The Company availed of the deferral of its principal payment and interest due to DBP which in result spreads the deferred principal and interest amount to the remaining payments to be made for the remaining term of the loan. The impact of the deferral is not material hence no gain or loss on loan modification was recognized.

On May 4, 2021, the Parent Company assumed the Company's outstanding loan with DBP with principal balance amounting to P1.01 billion. Consequently, the Company derecognized the loan and the corresponding interest payable amounting P13.02 million and recognized as part of due to a related party (Note 11). No gain or loss was recognized for the loan assignment. As a result of the assignment, the Company became indebted to its Parent Company for the same amount. Subsequently, the Parent Company used a portion of the amount reclassified as due to a related party amounting to P602.47 million to subscribe on the Company's common shares to be taken from the increase in authorized share capital (Note 14). These are considered as non-cash transactions.

(10)

Details of finance costs including amortization of debt issuance cost for the years ended December 31 recognized in the statements of total comprehensive income are as follows:

	Note	2021	2020	2019
Finance costs	18	24,973,910	60,028,178	65,040,216

Movements in interest payable for the years ended December 31 are as follows:

	2021	2020	2019
January 1	31,916,918	3,690,805	3,975,000
Interest expense	18,047,924	57,664,601	63,071,505
Assumed by Parent Company	(13,024,012)	-	-
Interest payments	(36,940,830)	(29,438,488)	(63,355,700)
December 31	-	31,916,918	3,690,805

Note 11 - Related party transactions

In the normal course of business, the Company transacts with companies which are considered related parties under Philippine Accounting Standards (PAS) 24, *"Related Party Disclosures"*.

The transactions and outstanding balances of the Company as at and for the years ended December 31 with related parties are as follows:

	Transactions			Outstanding balance Receivables (Payables)		
Related parties	2021	2020	2019	2021	2020	Terms and conditions
Parent Company						
Advances to	265,850,948	39,525,344	101,236,796	265,850,948	129,887,214	Refer to (a).
Assignment of loans payable	(1,011,570,248)	-	-	(377,493,612)	-	Refer to (b) and Note 10.
Assumed interest payable	(13,024,012)	-	-	(13,024,012)	-	See Note 10.
				(124,666,676)	129,887,214	
Issuance of shares	607,330,352	-	-	-	-	Refer to (c) and Note 10.
Entities under common control						
Lease income	17,773,892	-	-	2,456,998	-	Refer to (e) and Note 4.
Advances to	87,021,747	87,021,747	-	-	87,021,747	Refer to (a).
Issuance of shares	229,680,216	-	-	-	-	Refer to (c) and Note 10.

(a) Advances

Advances to (from) related parties are made to finance working capital requirements or to assume receivables and payables to (from) related parties and/or third parties. Advances to (from) related parties are unsecured, with no guarantee, non-interest bearing, collectible (payable) in cash both on demand and after more than 12 months and are expected to be collected (settled) in cash or offset with outstanding liability (receivable). As at December 31, 2021, the Parent Company and the Company agreed to offset all related party receivables and payables resulting in a net payable to the Parent Company amounting to P124.67 million. These are considered as non-cash transactions.

The offset amounts as at December 31, 2021 are as follows:

	Amount
Receivables	265,850,948
Payables	(390,517,624)
	(124,666,676)

(11)

There was no offsetting as at and for the year ended December 31, 2020.

Details of net payable to the Parent Company as at December 31, 2021 are as follows:

	Amount
Current	56,144,929
Non-current	68,521,747
	124,666,676

In December 2021, the Company and the Parent Company agreed that portion of the net payable amounting to P56.14 million is to be settled in cash upon demand by the Parent Company while the remaining balance of P68.52 million is to be settled in cash after more than 12 months from December 31, 2021. These are non-interest bearing and not covered by guarantees or collaterals.

(b) Loan assignment

The loan assignment was recognized as part of due to a related party. Details and movement of due to a related party pertaining to the loan assignment for the year ended December 31, 2021 are as follows:

	Notes	Amount
Assignment of loan	10	1,011,570,248
Cash settlement	10	(31,611,570)
Subscription of shares	11 (c)	(602,465,066)
Ending amount subsequently classified as advances		377,493,612

(c) Shares subscriptions

Details of additional shares subscriptions for the year ended December 31, 2021 are as follows:

	Notes	Conversion of advances	Land properties exchange	Total
Parent Company	8, 14	602,465,066	4,865,286	607,330,352
CST1	8, 14	-	229,680,216	229,680,216
		602,465,066	234,545,502	837,010,568

(d) Key management compensation

Except for the directors' fees that the Company pays to each of the independent directors, there are no other arrangements for the payment of compensation or remuneration to the directors of the Company in their capacity as such. Directors' fees during the year ended December 31, 2021 amounted to P0.84 million (December 31, 2020 and 2019 - nil) (Note 17).

The Company's management functions are being handled by the Parent Company and another related party at no cost. No other short-term or long-term compensation was paid to key management personnel for the years ended December 31, 2021 and 2020.

(e) Lease agreements

During 2021, the Company entered into various lease contracts, as a lessor, with related parties as follows:

- Sublease agreement of below land properties to related parties:

    - Land property located in Brgy. Dalayap, Tarlac City, Tarlac with Citicore Solar Tarlac 2, Inc. (CST2) (formerly nv vogt Philippines Solar Energy Four, Inc.)

The agreement is effective for 19 years commencing on November 1, 2021 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2021 amounting to P8.09 million (Note 15).

- Land property located in Brgy. Rizal, Silay City, Negros Occidental with Citicore Solar Negros Occidental, Inc. (CSNO) (formerly Silay Solar Power, Inc.)

    The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

- Land property located in Brgy. Talavera, Toledo City, Cebu with Citicore Solar Cebu, Inc. (CSCI) (formerly First Toledo Solar Energy Corp.)

    The agreement is effective for 19 years commencing on January 1, 2022 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the sublessee vis-a-vis the three-year historical plant generation and market prices.

- Lease contract of the land property located in Brgy. Armenia, Tarlac City, Tarlac with CST1

    The agreement is effective for 25 years commencing on November 1, 2021 until October 31, 2046 with the Company's right to reevaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the lessee vis-a-vis the three-year historical plant generation and market prices. The Company recognized lease income related to this property for the year ended December 31, 2021 amounting to P9.68 million (Note 15).

- Assignment of Solar Energy Service Contract of the Clark Solar Plant and the subsequent lease of the plant to the Parent Company

    On October 13, 2021, the Company assigned SESC No. 2014-07-086 of the Clark Solar Plant to its Parent Company, thereby establishing the Parent Company as the operator of such plant. On the same date, the Company, as a lessor, and its Parent Company, as lessee, executed a lease contract for latter's use of the Clark Solar Plant in line with the assignment of SESC. The assignment was approved by the DOE on December 25, 2021 (Note 2). The lease agreement is effective for almost 18 years commencing on November 1, 2021 and ending on September 3, 2039 with the Company's right to re-evaluate the lease payments at the end of the 10th year to consider changes in circumstances either economic conditions or actual performance of the Parent Company vis-a-vis the three-year historical plant generation and market prices. No rental income was recognized from this lease agreement during 2021 considering that the DOE only approved the assignment on December 24, 2021 effective December 25, 2021. Hence, commencement date of the contract was moved to January 1, 2022.

    In addition, subject also to the Company's right over the leasehold properties, the Company and related party-lessees can continue and may further extend the lease period in a way that is beneficial to both parties. The monthly lease payment for the lease agreements above is equivalent to the sum of fixed and variable lease rates.

The lease agreements commencing January 1, 2022 will result in the recognition of rental income on a straight-line basis over the lease term in the statements of total comprehensive income as these lease agreements are classified as operating leases and corresponding lease receivables under trade and other receivables in the statements of financial position, if any.

(f) Memorandum of agreement for future sale transaction

The Company entered into a memorandum of agreement with Citicore Solar South Cotabato, Inc. (CSSCI) (formerly nv vogt Philippine Solar Energy One, Inc.) and Citicore Solar Bulacan, Inc. (CSBI) (formerly Bulacan Solar Energy Corporation), entities under common control, for the future sale of land properties owned by CSSCI and CSBI to the Company.

This will result in the recognition of investment properties in the statements of financial position for the land properties that will be acquired.

(g) Memorandum of agreement for future lease agreement

The Company entered into a memorandum of agreement with CSSCI and CSBI for the subsequent lease of land properties owned by CSSCI and CSBI to the Company.

This will result in the recognition of rental income on a straight-line basis over the lease term for the leaseback to the related parties. These will be classified as operating leases in the statements of total comprehensive income and corresponding lease receivables under trade and other receivables in the statements of financial position, if any, upon the consummation of the agreement.

(h) Property management fee

On August 9, 2021 the Company entered into a property management agreement with Citicore Property Managers, Inc. (CPMI) for property management services of the Company. CPMI will receive a management fee based on certain percentage of the Company's guaranteed base lease. Payment in cash is due and payable 10 days from receipt of billing statement.

(i) Fund management fee

On July 26, 2021, the Company entered into a fund management agreement with Citicore Fund Managers, Inc. (CFMI) for the fund management services of the Company. CFMI will receive a management fee equivalent to a certain percentage of the Company's guaranteed base lease, plus a certain percentage of the acquisition price for every acquisition made by it on behalf of the Company, plus a certain percentage of the sales price for every property divested by it on behalf of the Company. Payment in cash is due and payable 10 days from receipt of billing statement.

Property management and fund management agreement shall commence in 2022 aligned with the date of Company's listing to PSE.

(14)

On July 26, 2021, the BOD approved the Company's material related party transaction policy to adhere with SEC Memorandum Circular No. 10, Series of 2019 which include: the identification of related parties, coverage of material related party transactions, adjusted thresholds, identification and prevention or management of potential or actual conflicts of interests arising out of or in connection with the material related party transactions, guidelines in ensuring arm's length terms, approval of material related party transactions, self-assessment and periodic review of policy, disclosure requirements, whistleblowing mechanisms, and remedies for abusive material related party transactions. The BOD, with the assistance of the Related Party Transaction Review and Compliance Committee ("RPTRCC"), shall oversee, review, and approve all related party transactions to ensure that these are conducted in the regular course of business and on an arm's length basis and not undertaken on more favorable economic terms to the related parties than with non-related or independent parties under similar circumstances. The RPTRCC shall be granted the sole authority to review related party transactions. Those falling within the materiality thresholds set by the Company's BOD shall require the approval of the Chief Executive Officer and/or President or the BOD, as the case may be.

Note 12 - Other non-current liability

Other non-current liability consists of provision for asset retirement obligation amounting to P1.06 million which pertains to the restoration costs of the leased land to its original condition upon the termination of the lease agreement. In 2020, the Company reversed the full amount of the provision as management assessed that this is no longer expected to be settled or incurred upon termination of the lease agreement.

Note 13 - Retirement benefits

The Company provides for the estimated retirement benefits based on the requirements of RA No. 7641, otherwise known as the *"Retirement Pay Law"*. Under the Retirement Pay Law, the retirement benefit obligation is computed as one-half of monthly salary for every year of service, a fraction of six months being considered as one whole year. The term one-half of monthly salary shall mean 15 days plus the one-twelfth of the 13th month, and the cash equivalent of not more than five days service incentive leaves.

The retirement benefit obligation is determined using the "Projected Unit Credit" (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year. The latest actuarial valuation was sought from an independent actuary last June 30, 2021. Management has assessed that there are no significant changes in the data and assumptions used in computing the present value of defined benefit obligation as at December 31, 2021 from the date of actuarial valuation.

The retirement benefit obligation recognized in the statement of financial position as at December 31, 2021 amounted to P314,672 (2020 - P2,915,664).

The movements in present value of defined benefit obligation for the years ended December 31 are as follows:

	2021	2020
January 1	2,915,664	-
Current service cost	203,989	2,915,664
Interest cost	3,308	-
Reversal of retirement benefit obligation	(2,757,395)	-
Remeasurement gain arising from:		
Changes in financial assumptions	(44,744)	-
Deviations of experience from assumptions	(6,150)	-
December 31	314,672	2,915,664

(15)

Reversal of retirement benefit obligation relates to changes in expected retirement benefits to be paid by the Company to employees. This is recognized directly in profit or loss as part of retirement benefit (income) expense.

The components of retirement benefit (income) expense for the years ended December 31 are as follows:

	Note	2021	2020
Current service cost		203,989	2,915,664
Interest cost		3,308	-
Reversal of retirement benefit obligation		(2,757,395)	-
	16	(2,550,098)	2,915,664

The movements in remeasurement on retirement benefits for the year ended December 31, 2021 are as follows:

	Amount
January 1	-
Remeasurement	
Changes in financial assumptions	(44,744)
Experience adjustment	(6,150)
December 31	(50,894)

Remeasurements during 2020 is not material due to insignificant changes in financial and demographic assumptions and experience adjustments, hence, not recognized.

The principal assumptions used are as follows:

	2021	2020
Discount rate	5.34%	4.07%
Salary increase rate	5.00%	5.00%

The present value of the defined benefit obligation is measured in terms of actuarial assumptions such as discount rate, salary increases and expected retirement age. The resulting amount was discounted based on the spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero-coupon bonds. Salary increase rate was also considered which comprise of the general inflationary increase plus a further increase for individual productivity, merit and promotion. The salary increase rate is set by reference over the period over which benefits are expected to be paid.

The Company does not expect to create a fund in the next reporting period.

The weighted average duration of the defined benefit obligation as at December 31, 2021 is 17.8 years (2020 - 18.3 years).

(16)

The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation, with all other assumptions held constant.

	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
December 31, 2021			
Discount rate	+/-1.00%	(0.03 million)	0.04 million
Salary increase rate	+/-1.00%	0.04 million	(0.03 million)
December 31, 2020			
Discount rate	+/-1.00%	(1.02 million)	0.01 million
Salary increase rate	+/-1.00%	0.69 million	(0.56 million)

Expected maturity analysis of undiscounted retirement benefits as at December 31 are as follows:

	2021	2020
One year to five years	81,802	1,590,324
More than five years to ten years	214,170	4,159,676
	295,972	5,750,000

Note 14 - Share capital

The Company's share capital as at December 31 consists of:

	2021		2020	
	Number of shares	Amount	Number of shares	Amount
Authorized share capital				
Common shares - P0.25 par value	15,360,000,000	3,840,000,000	-	-
Common class A - P1 par value	-	-	7,291,011	7,291,011
Common class B - P13.5 par value	-	-	4,856,985	65,569,298
Redeemable preference shares A - P27 par value	-	-	1,729,922	46,707,894
Redeemable preference shares B - P364.5 par value	-	-	1,153,448	420,431,796
	15,360,000,000	3,840,000,000	15,031,366	539,999,999
Issued and outstanding				
Common shares - P0.25 par value	5,498,182,004	1,374,545,501	-	-
Common class A - P1 par value	-	-	7,291,011	7,291,011
Common class B - P13.5 par value	-	-	4,856,985	65,569,298
Redeemable preference shares A - P27 par value	-	-	1,729,922	46,707,894
Redeemable preference shares B - P364.5 par value	-	-	1,153,448	420,431,796
	5,498,182,004	1,374,545,501	15,031,366	539,999,999

(17)

The changes in the number of shares for the years ended December 31 are as follows:

	2021					2020			
	Common	Common class A	Common class B	Preference A	Preference B	Common class A	Common class B	Preference A	Preference B
Par value	P0.25	P1	P13.5	P27	P364.5	P1	P13.5	P27	P364.5
Authorized share capital									
January 1	-	7,291,011	4,856,985	1,729,922	1,153,448	7,291,011	4,856,985	1,729,922	1,153,448
Reclassification to one class common shares (a)	13,877,918	(7,291,011)	(4,856,985)	(1,729,922)	(1,153,448)	-	-	-	-
Change in par value and increase in authorized share capital (a)	2,146,122,076	-	-	-	-	-	-	-	-
Increase in authorized share capital (a)	13,200,000,006	-	-	-	-	-	-	-	-
December 31	15,360,000,000	-	-	-	-	7,291,011	4,856,985	1,729,922	1,153,448
Issued and outstanding									
January 1	-	7,291,011	4,856,985	1,729,922	1,153,448	7,291,011	4,856,985	1,729,922	1,153,448
Reclassification to one class common shares (a)	13,877,918	(7,291,011)	(4,856,985)	(1,729,922)	(1,153,448)	-	-	-	-
Change in par value and increase in authorized share capital (a)	2,146,122,076	-	-	-	-	-	-	-	-
Issuance of new shares (b.i and b.ii)	3,338,182,010	-	-	-	-	-	-	-	-
December 31	5,498,182,004	-	-	-	-	7,291,011	4,856,985	1,729,922	1,153,448

(18)

The holders of common class A and B shares are entitled to the same rights and privileges except for the right to dividend distribution which is in accordance with the par value ratio.

Redeemable preference shares A and B are non-convertible, non-voting and are redeemable at the option of the Company at par value, plus any accrued and unpaid cash dividends. In case of dissolution or liquidation, redeemable preference shares shall enjoy preference on the distribution of the Company's assets. Redeemable preference shares are not redeemable at the option of the holder.

Foreign nationals may own and hold common class B and redeemable preference shares B.

(a) Share reclassifications and increase in authorized share capital

On March 12, 2021, the Company's BOD and shareholder approved that the redeemable preferred shares and other classes of common shares previously authorized and issued are and shall be convertible to one class common share and reduced the par value of all previously issued shares to P0.25 per share.

Consequently, the Company amended its AOI to reflect the change and converted all its previously issued shares to one class common share. The Company's authorized share capital and issued and outstanding shares amounted to P539,999,999 divided into 2,159,999,994 shares at P0.25 par value per share. The related certificate of filing of amended AOI was approved by the SEC on May 31, 2021.

On May 26, 2021, the Company's BOD and shareholder approved the increase in the authorized share capital of the Company from P539,999,999 (composed of 2,159,999,994 shares at P0.25 par value per share) to P3,840,000,000 (composed of 15,360,000,000 shares at P0.25 par value per share). The approval of the increase in the authorized share capital was obtained from the SEC on October 12, 2021 (Note 1).

(b) Share subscriptions

(i) Advances from Parent Company to share conversion subscription

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 2,400,000,000 common shares to be taken from the increase in authorized share capital, upon approval by the SEC for a total consideration of P602,465,066. Total consideration in excess of par value of shares issued amounting to P2,465,066 was credited as additional paid in capital. The Parent Company assigned P602,465,066 of its advances to fully pay the subscription price (Note 11). This is considered as a non-cash transaction.

(ii) Land properties for share subscription

On May 26, 2021, the Parent Company entered into a subscription agreement with the Company to subscribe 19,461,142 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P4,865,286. The Parent Company assigned a parcel of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

On the same date, CST1 entered into a subscription agreement with the Company to subscribe 918,720,864 common shares to be taken from the increase in authorized share capital, upon approval by the SEC, for a total consideration of P229,680,216. CST1 hereby assigns several parcels of land located in Brgy. Armenia, Tarlac in favor of the Company to fully pay the subscription price (Notes 8 and 11). This is considered as a non-cash transaction.

These parcels of land were recognized as investment properties as at December 31, 2021 (Note 8).

The application for the proposed increase in authorized share capital was filed with the SEC on May 25, 2021 and was approved on October 12, 2021, which resulted in the subsequent issuance of shares to CREC and CST1 (Note 1).

(19)

Note 15 - Revenue

(a) Sale of solar energy

On March 11, 2016, the DOE confirmed the declaration of commerciality of the Company's Clark Solar Power Project under SESC No. 2014-07-086 (Note 1). The DOE confirmation affirms the conversion of said SESC from pre-development to commercial stage.

On March 12, 2016, the Clark Solar Power Project started delivering power to the grid following its commissioning. On June 3, 2016, the Clark Solar Power Project was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the DOE. By virtue of the endorsement, the Clark Solar Power Project is qualified to avail of the FIT system, upon the issuance by the ERC of the Certificate of Compliance (COC). On November 22, 2016, the ERC issued the COC to the Company. As a result, the Company was entitled to the FIT rate per kilowatt hour of energy output for a period of 20 years from March 12, 2016.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020, which pertains to the approval of the adjustment of the FIT rate for 2016 entrants published on November 17, 2020 and shall take effect on December 2, 2020. During 2021, additional revenue amounting to P83.53 million was recognized related to FIT-rate adjustments for the generation from 2016 to be recovered in five years starting in December 2021 based on latest discussions with TransCo.

TransCo is the regulating body of all the FIT-rate eligible energy providers. Outstanding receivables under the FIT system due from TransCo amounted to P125.42 million as at December 31, 2021 (2020 - P42.00 million) (Note 4).

As a result of assignment of Solar Energy Service Contract of the Clark Solar Plant to its Parent Company, the sale of solar energy business has been terminated on December 25, 2021 as approved by DOE (Note 1).

(b) Leasing

Subsequent lease and sublease agreements with related parties that were accounted as operating leases resulted in the recognition of rental income for the year ended December 31, 2021 as follows:

Land properties	Note	Amount
Freehold land assets		
Brgy. Armenia, Tarlac City, Tarlac		9,681,801
Leasehold land assets		
Brgy. Dalayap, Tarlac City, Tarlac		8,092,091
	11	17,773,892

Note 16 - Cost of services

The components of cost of services for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Depreciation and amortization	6, 20	61,710,938	61,244,901	61,244,901
Utilities		4,500,169	4,933,938	5,051,365
Repairs and maintenance		3,846,766	1,023,368	3,233,916
Outside services		3,511,285	3,711,108	7,360,805
Insurance		1,599,934	1,657,448	2,152,889
Salaries and wages		934,099	1,843,562	1,440,549
Taxes and licenses		610,854	17,281,122	17,784,779
Retirement benefit (income) expense	13	(2,550,098)	2,915,664	-
Others		43,815	12,462	106,772
		74,207,762	94,623,573	98,375,976

Note 17 - Operating expenses

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Taxes and licenses		29,202,654	4,340,315	1,775,610
Professional fees		20,142,435	41,500	181,020
Outside services		3,904,095	-	-
Dues and subscriptions		1,188,968	949,262	674,390
Directors' fees	11	842,105	-	-
Transportation and travel		211,306	197,253	171,359
Repairs and maintenance		191,023	146,405	21,401
Communication, light and water		107,442	138,214	123,717
Charitable contributions		100,000	126,000	105,000
Depreciation	6	40,434	40,433	25,808
Bank charges		27,828	7,912	188,259
Provision for doubtful accounts	4	-	1,944,096	-
Others		1,014,499	56,569	120,267
		56,972,789	7,987,959	3,386,831

Portion of taxes and licenses, professional fees and outside services amounting to P22.73 million, P19.76 million and P3.90 million, respectively, pertains to costs for the listing and offering of the Company's shares to the public.

Note 18 - Other income, net; finance costs

The components of other income, net for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Gain on compromise settlement of due to government agencies	9	25,200,913	-	-
Interest income	3, 4	277,078	662,181	2,110,459
Reversal of asset retirement obligation	12	-	1,056,902	-
Foreign exchange losses, net	22	(55,492)	(15,321)	(60,375)
Others		583,427	-	-
		26,005,926	1,703,762	2,050,084

The components of finance costs for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Interests on loans payable from DBP	10	24,973,910	60,028,178	65,040,216
Interests on lease liabilities	20	4,464,960	4,026,048	3,686,845
		29,438,870	64,054,226	68,727,061

Note 19 - Income taxes

As a BOI-registered enterprise (Note 1), the Company may avail the following incentives:

- Income Tax Holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sale of electricity of the Clark Solar Power Project;
- Duty-free importation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and
- Tax exemption on carbon credits.

The Company may also avail of certain incentives to be administered by appropriate government agencies subject to the rules and regulations of the respective administering government agencies.

As a REIT-registered enterprise following its listing in the main board of the PSE on February 22, 2022 (Note 1), the Company will avail the following tax incentives:

- A tax deduction for dividends paid, in addition to the allowable deductions provided for under the Tax Code, to arrive at its taxable net income. For a REIT to enjoy this tax incentive, it should maintain its status as a "public company," observe the mandatory 90% dividend pay-out requirement of distributable income to shareholders, and submit a sworn statement that the minimum ownership requirements for the relevant years were maintained at all times.

- Exemption from the minimum corporate income tax (MCIT), as well as documentary stamp tax (DST) on the sale, barter, exchange, or other disposition of listed investor securities through the PSE, including cross or block sales with prior approval of the PSE. It is also exempted from paying the initial public offering (IPO) tax on its initial and secondary offering of its investor securities. Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act, permanently repealed the IPO tax.

- A lower creditable withholding tax rate of 1% of its receipt of income payments. It also benefits from the 50% reduction on the amount of DST due on sale or transfer of real property to a REIT, including the sale or transfer of any and all security interest, and applicable registration and annotation fees incidental to such transfers.

The income tax benefit for the year ended December 31, 2021 pertains only to deferred income tax benefit amounting to P8,200,316 (2020 and 2019 - nil).

Deferred income taxes are determined using income tax rates in the period the temporary differences are expected to be recovered or settled. Realization of the future tax benefits related to deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future within the carry-over period of its unused tax losses. Management has considered this in reaching its conclusion not to recognize the deferred income tax assets in relation to sale of solar energy segment for the year ended December 31, 2020. In addition, the Company is still subject to ITH for the years ended December 31, 2021 and 2020 until October 15, 2022.

However, using the same considerations, the Company recognized certain deferred income tax assets in relation to both its sales of solar energy and leasing business segment as at December 31, 2021.

(22)

The details of the Company's recognized deferred income tax assets, net as at December 31, 2021 and the temporary differences where it arise follow:

	Amount
Lease income segment under regular corporate income tax (RCIT) rate	
Deferred income tax assets - to be recovered beyond 12 months	
Net operating loss carryover (NOLCO)	17,168,553
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	42,922
	17,211,475
Deferred income tax liability - to be settled beyond 12 months	
Excess of rental income based on straight-line recognition of rent over actual rental	(614,249)
	16,597,226
Sale of solar energy under special tax rate	
Deferred income tax asset - to be recovered within 12 months	
Discount on receivables	1,182
Deferred income tax asset - to be recovered beyond 12 months	
Discount on receivables	1,273,009
	1,274,191
Deferred income tax liability - to be settled within 12 months	
Accrued revenue	(45,582)
Deferred income tax liability - to be settled beyond 12 months	
Accrued revenue	(9,625,519)
	(9,671,101)
	(8,396,910)
	8,200,316

The Company's unrecognized deferred income tax assets in relation to sale of solar energy segment as at December 31 arise from the following temporary differences:

	2021	2020
Accrued expenses	33,620,012	85,485,864
Excess of lease payments over interest on lease liabilities and amortization of right-of-use asset	3,510,809	2,038,390
Provision for doubtful accounts	1,944,096	1,944,096
Retirement benefit obligation	314,672	2,915,664
Unrealized foreign exchange loss	55,318	11,175
	39,444,907	92,395,189
Tax rate	10%	10%
	3,944,491	9,239,519

The details of the Company's NOLCO as at December 31 are as follows:

Year of incurrence	Year of expiration	2021	2020
2018	2021	-	9,966,459
2021	2026	68,674,211	-
Total		68,674,211	9,966,459
Applied		-	(9,966,459)
		68,674,211	-
		25%	30%
		17,168,553	-

(23)

Where higher than normal income tax, the Company is required to pay MCIT equal to 2% of gross income as required by the Tax Reform Act of 1997 for other operating income. This amount may separately be offset against normal income tax liabilities for the three (3) immediately succeeding taxable years. During 2017, the Company incurred MCIT amounting to P72,283 which expired on December 31, 2020.

The reconciliation between income tax expense computed at the statutory tax rate and the actual income tax expense for the years ended December 31 as shown in the statements of total comprehensive income follows:

	2021			2020	2019
	RCIT	Special rate	Total	Special rate	Special rate
Income tax at statutory tax rate	(7,681,132)	24,840,416	17,159,284	10,411,481	7,957,094
Income tax effects of:					
Deductible expenses recognized as asset	(8,916,094)	-	(8,916,094)	-	-
Non-deductible expenses	-	346,062	346,062	27,599	88,271
Interest income subject to final tax	-	(27,708)	(27,708)	(66,218)	(207,523)
Non-taxable income due to ITH	-	(11,471,921)	(11,471,921)	(11,742,155)	(5,307,253)
Movement of unrecognized deferred income tax assets	-	(5,289,939)	(5,289,939)	1,369,293	(2,530,589)
	(16,597,226)	8,396,910	(8,200,316)	-	-

Note 20 - Lease - Company as a lessee

The Company has entered into various lease contracts as follows:

(a) The Company leases a parcel of land where the Clark Solar Power Project was constructed. The agreement was entered on September 5, 2014 and is valid for twenty-five (25) years, renewable by the lessee upon consent of the lessor. The agreement stipulates rental payments amounting to P0.29 million and US$105 with an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter. Upon termination of the lease, the leased property shall revert back to the lessor. There are no restrictions placed upon the lessee by entering into the lease agreement.

Security deposits for the lease agreement amounting to P5.3 million were presented as part of other non-current assets in the statements of financial position as at December 31, 2021 (2020 - P1.78 million) (Note 7). These deposits are refundable to the Company upon termination of the lease agreement or at the end of the lease term. The impact of discounting is deemed to be immaterial.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(b) During 2021, the Company entered into various lease contracts, as a lessee, with third parties as follows:

- Assignment of lease contract of a land property located in Brgy. Talavera, Toledo City, Cebu by CSCI, an entity under common control, with a third party, to the Company;
- Sublease agreement and lease contract with third parties for land properties located in Brgy. Dalayap, Tarlac City, Tarlac previously being leased by CST2, an entity under common control (Note 8); and
- Lease agreement with a third party for a land property in Brgy. Rizal, Silay City, Negros Occidental previously being leased by CSNO, an entity under common control.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that will be held by the lessor. Leased assets may not be used as security for borrowing purposes.

No right-of-use assets and lease liabilities was recognized as at December 31, 2021 for land property located in Brgy. Talavera, Toledo City, Cebu and land property in Brgy. Rizal, Silay City, Negros Occidental since the earliest commencement date of the lease contracts is on January 1, 2022.

For land properties located in Brgy. Dalayap, Tarlac City, Tarlac, the Company has recognized right-of-use asset and lease liabilities on November 1, 2021 in the statements of financial position amounting to P53.94 million.

Amounts recognized in the statements of financial position

Details of right-of-use asset, net and movements in the account as at and for the years ended December 31 are as follows:

	Note	2021	2020
Cost			
December 31, 2020 and 2021		43,937,092	43,937,092
Accumulated amotion			
January 1		4,251,976	2,125,988
Amortization	16	2,125,988	2,125,988
December 31		6,377,964	4,251,976
Net book value		37,559,128	39,685,116

Investment properties held by the Company as a right-of-use asset measured initially at its cost in accordance with PFRS 16 as at December 31, 2021 are as follows:

	Notes	Amount
Land properties - Brgy. Dalayap, Tarlac City, Tarlac		
Cost		53,940,794
Accumulated amortization	16	(473,166)
	8	53,467,628

Details of the lease liabilities as at December 31 are as follows:

	2021	2020
Current	1,263,480	294,139
Non-current	103,132,719	51,060,996
	104,396,199	51,355,135

Movements in lease liabilities for the years ended December 31 are as follows:

	Note	2021	2020
January 1		51,355,135	51,431,558
Additions	8	53,940,794	-
Principal payments		(955,048)	(87,598)
Interest payments		(4,464,960)	(4,026,048)
Interest expense	8, 18	4,464,960	4,026,048
Translation difference		55,318	11,175
December 31		104,396,199	51,355,135

Translation difference is recognized as part of foreign exchange losses, net under other income, net in the statements of total comprehensive income.

Amounts recognized in the statements of total comprehensive income

Amounts recognized in the statements of total comprehensive income for the years ended December 31 related to the lease agreements are as follows:

	Notes	2021	2020	2019
Amortization expense	8, 16	2,599,154	2,125,988	2,125,988
Interest expense	8, 18	4,464,960	4,026,048	3,686,845
Translation difference		55,318	11,175	60,375
		7,119,432	6,163,211	5,873,208

The total cash outflows for the years ended December 31 for the lease agreements are as follows:

	2021	2020	2019
Payment of principal portion of lease liabilities	955,048	87,598	235,236
Payment of interest on lease liabilities	4,464,960	4,026,048	3,686,845
	5,420,008	4,113,646	3,922,081

Discount rate

The lease payments are discounted using the Company's incremental borrowing rate ranging from 6.75% to 7.86%, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Extension and termination options

Extension and termination options are included in the lease agreement of the Company. These are used to maximize the operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable by the lessee upon consent of the lessor, hence, the extension and termination options have not been included in lease term.

Note 21 - Earnings per share (EPS)

Basic and diluted EPS for the years ended December 31 are as follows:

	2021	2020	2019
Net income	225,879,943	104,114,812	79,570,943
Weighted average number of common shares	2,772,000,029	2,772,000,029	2,772,000,029
Basic and diluted EPS	0.08	0.04	0.03

Weighted average number of common shares is calculated as follows:

	Number of shares	Ratio	Weighted number of shares
Beginning	2,159,999,994	1.00	2,159,999,994
Issuance of shares	3,338,182,010	0.18	612,000,035
	5,498,182,004		2,772,000,029

In March 2021, the Company's BOD and shareholders approved to convert all of its common and preference shares to one class common share and reduced all the par values to P0.25 per share thereby increasing the number of common shares issued and outstanding (Note 14). The conversion, subsequent decrease in par value and share subscriptions and issuance during 2021 were considered in the calculation of weighted average number of common shares outstanding retrospectively for all the periods presented.

(26)

The Company has no potential dilutive common shares for the years ended December 31, 2021 and 2020. Therefore, basic and diluted EPS are the same.

Note 22 - Financial risk and capital management and fair value estimation

22.1 Financial risk management

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

22.1.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Security price is deemed not applicable since the Company has no debt or equity instruments traded in an active market. The management of these risks is discussed as follows:

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates would unfavorably affect future cash flows from financial instruments. The Company's exposure to risk for changes in market interest rates relates to loans payable, cash in banks, short-term placements, and lease liabilities.

The Company's exposure to risk for changes in market interest rates primarily relates to loans payable with fixed interest rate which was assumed by the Parent Company effective May 4, 2021. Management believes that the related interest rate risk on this instrument is relatively insignificant having fixed interest rate.

The Company has no outstanding loans payable as at December 31, 2021 (2020 - P1.04 billion) (Note 10).

Management believes that the related cash flow and interest rate risk on cash in banks and short-term placements is relatively low due to immaterial changes on interest rates within the duration of these financial instruments.

The Company is also exposed to fixed-rate interest rate risk related to its lease liabilities. The interest rate risk is deemed to have a diminishing impact on the Company over the term of the lease.

(27)

(b) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. Dollar. Foreign exchange risk arises when future commercial transactions, and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Among others, management monitors the timing of settlements/payments to ensure that the Company is not unfavorably exposed to fluctuations of foreign exchange rates.

The Company's foreign currency denominated monetary liability as at December 31, 2021 refers to a portion of lease liabilities amounting to US$20,052 (2020 - US$20,392) with Philippine Peso equivalent of P1.02 million (2020 - P0.98 million).

Details of foreign exchange losses, net for the years ended December 31 are as follows:

	Note	2021	2020	2019
Unrealized losses, net		55,318	11,175	60,375
Realized losses, net		174	4,146	-
	18	55,492	15,321	60,375

The Company's exposure to foreign currency risk is not significant due to the absence of material transactions and balances denominated in a currency other than the Company's functional currency.

22.1.2 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk arises primarily from its cash and cash equivalents, trade and other receivables, electric utility deposits, security deposits and restricted cash.

Exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company uses internal ratings to determine the quality of its financial assets. The Company determined that its financial assets are all considered high grade financial assets except for those that were fully provided for.

The maximum exposures to credit risk, pertaining to financial assets as at December 31 are as follows:

	Notes	2021	2020	2019
Cash and cash equivalents*	3	48,949,348	71,702,473	47,033,583
Trade and other receivables	4	129,818,895	260,849,329	128,630,106
Electric utility deposits	7	6,580,541	6,580,541	6,580,541
Security deposits	7	5,279,310	1,779,310	1,779,310
Restricted cash	7	905,831	615,197	308,357
		191,533,925	341,526,850	184,331,897

**excluding cash on hand*

Credit quality of financial assets

(i) Cash and cash equivalents and restricted cash in bank

Cash deposited/placed in banks are considered stable as the banks qualify as universal and commercial banks as defined by the Philippine Banking System and are approved by the BOD to minimize credit risk. The amounts deposited in these banks are disclosed in Notes 3 and 7. The expected credit loss is determined to be immaterial. Cash on hand is not subject to credit risk.

(28)

(ii) Trade and other receivables

The Company has significant concentration of credit risk for the sale of energy segment business on its transactions with TransCo, its sole customer. However, this is brought down to an acceptable level since credit terms on billed fees for sale of electricity are fixed as provided in formal agreements, and are accordingly collected in accordance with this agreement and the Company's credit policy with no reported defaults and write-offs in previous years. The expected credit loss is determined to be immaterial by management.

Trade receivables from leasing segment include receivables from related parties. The credit exposure on trade receivables from related parties is considered to be minimal as there is no history of default and collections are expected to be made based on the lease agreement. In addition, the related parties are considered to have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

The credit exposure on due from related parties is considered to be minimal as there is no history of default and collections are expected to be made within 12 months. The balances of due from related parties are considered as high-grade financial assets as the related parties have good financial standing and are highly liquid. The expected credit loss is determined to be immaterial by management.

Other receivables pertain to refund for overpaid insurance which has been long outstanding for more than one (1) year. Full provision has been recognized for this receivable as at December 31, 2021 and 2020.

(iii) Security deposits and electrical utility deposits

Security deposits and electrical utility deposits include cash required from the Company in relation to its lease agreement and service agreement, respectively. These deposits are assessed as high grade as there was no history of default and these are collectible upon termination of or at the end of the term of the agreements. The expected credit loss is determined to be immaterial by management.

22.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as these fall due. The objective of the Company is to maintain a balance between continuity of funding and flexibility through the use of credit lines available from related parties and local banks. The policy of the Company is to first exhaust lines available from related parties before local bank lines are availed. The Company also has available due from related parties which can be readily collected to settle maturing obligations.

The Company seeks to manage its liquidity risk by maintaining a balance between continuity of funding and flexibility. The Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

(29)

The Company's financial liabilities grouped into relevant maturity dates are as follows:

	Notes	Payable on demand	Less than 1 year	More than 1 year
December 31, 2021				
Trade payables and other liabilities*	9	-	17,673,573	-
Due to a related party	11	56,144,929	-	68,521,747
Interest**		-	7,579,060	85,887,552
Lease liabilities	20	-	1,263,480	103,132,719
		56,144,929	26,516,113	257,542,018
December 31, 2020				
Trade payables and other liabilities*	9	-	40,101,734	-
Loans payable	10	-	126,446,281	909,809,551
Interest**		-	28,985,465	48,733,444
Lease liabilities	20	-	294,139	51,060,996
		-	195,827,619	1,009,603,991

**excluding due to government agencies*
***expected interest on borrowings up to assignment date and on lease liabilities up to maturity date*

The amounts disclosed are the contractual undiscounted cash flows, except for lease liabilities, which are equivalent to their carrying balances as the impact of discounting is not significant. The Company expects to settle the above financial liabilities within their contractual maturity date.

22.2 Capital management

The Company maintains a sound capital to ensure its ability to continue as a going concern to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholder, pay-off existing debts, return capital to shareholders or issue new shares.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operations and industry.

The capital structure of the Company consists of equity, which comprises of issued capital, retained earnings and remeasurement on retirement benefits. The Company monitors capital on the basis of net gearing ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings from third parties less cash and cash equivalents, while equity is total equity as shown in the statements of financial position.

The net debt reconciliation and gearing ratio as at December 31 are presented below:

	Notes	2021	2020
Loans payable, January 1	10	1,036,255,832	1,095,255,891
Cash flows		(31,611,570)	(61,363,636)
Non-cash movement	10	(1,004,644,262)	2,363,577
Loans payable, December 31	10	-	1,036,255,832
Cash and cash equivalents	3	(49,014,348)	(71,737,473)
Net (asset) debt		(49,014,348)	964,518,359
Total equity		1,628,046,129	565,104,724
Net gearing ratio		(0.03):1	1.70:1

(30)

Non-cash movement pertains to the amortization of debt issuance cost and assignment of loans payable (Note 10).

22.3 Fair value estimation

The carrying values of the financial instrument components of cash and cash equivalents, trade and other receivables, other non-current assets, trade payables and other liabilities (excluding due to government agencies), due to a related party, loans payable and lease liabilities approximate their fair values, due to the liquidity, short-term maturities and nature of such items. The fair values of other non-current assets, non-current portion of trade receivables, lease liabilities and non-current portion of loans payable are close to market rates. The fair value of the non-current portion of due to a related party amounting to P64.99 million was determined using discounted cash flow approach by applying current market interest rates of 2.68% (Level 2).

As at December 31, 2021 and 2020, the Company does not have financial instruments that are measured using the fair value hierarchy.

Note 23 - Critical accounting estimates and assumptions and judgments

The preparation of the financial statements in conformity with PFRS requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements and the related notes. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows.

23.1 Critical accounting estimates and assumptions

(a) Impairment of trade and other receivables

Provision for impairment of trade and other receivables is based on assumptions about risk of default and expected loss rates. The Company uses estimates in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Notes 24.3 and 24.4.

In 2020, the Company provided allowance for doubtful accounts for other receivables amounting to P1.94 million. This is equivalent to the full lifetime expected credit loss using the expected credit loss model, hence, any sensitivity analysis is no longer deemed necessary. No additional allowance for doubtful accounts was made during 2021.

The carrying values of the Company's trade and other receivables are shown in Note 4.

(b) Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. Estimated useful lives of property, plant and equipment are based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets based on the related industry benchmark information and land lease term where the solar power plant is situated. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

(31)

The estimated useful life used for solar plant and equipment was higher than the current land lease term of the Company since based on the management's assessment, the Company can still use the solar plant and equipment beyond the current land lease term.

In 2019, the BOD approved the change in the estimated useful life of the substation and transmission lines and solar plant and equipment from 23 years to 15 years and 30 years, respectively. The net effect of the change in useful life is disclosed in Note 6.

If the actual useful lives of these assets are prolonged or shortened by five (5) years, income before tax for the years ended December 31 would be as follows:

	Impact on income before tax Increase (Decrease)		
	2021	2020	2019
Prolonged by 5 years	P 8.91 million	P8.92 million	P8.90 million
Shortened by 5 years	(P13.03 million)	(P13.03 million)	(P13.04 million)

The range used was based on the management's assessment where potential impact to operations might occur. The carrying values of the Company's property, plant and equipment are shown in Note 6.

(c) Determining incremental borrowing rate

To determine the incremental borrowing rate, the Company uses the government bond yield, adjusted for the credit spread specific to the Company and security using the right-of-use asset. The basis of the discount rates applied by the Company are disclosed in Note 20. Any change in the rates would have direct impact to interest expense for the period and on lease liabilities. Higher discount rate will result in lower interest expense and lease liabilities and vice versa.

The Company is exposed to fixed-rate interest rate risk related to its lease liabilities. Lease liabilities are subject to amortization where each of the lease payments is treated partly as a payment of principal and partly as payment of interest. Accordingly, the interest rate risk will have a diminishing impact on the Company over the term of the lease.

(d) Retirement benefit obligation

The present value of the defined benefit obligation depends on a number of factors that are determined using a number of assumptions. The assumptions used include discount rate and salary increase rate. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligation. Details of retirement benefit obligation and the related sensitivity analysis are disclosed in Note 13.

23.2 Critical judgments in applying the Company's accounting policies

(a) Recoverability of non-financial assets

The Company's non-financial assets such as property, plant and equipment and investment properties are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or value in use. Management believes that there are no indications that the carrying amount of non-financial assets may not be recoverable. Details of property, plant and equipment and investment properties are disclosed in Notes 6 and 8, respectively.

(b) Critical judgment in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in the Company's lease agreements have not been included in the lease liabilities because the Company's lease agreements state that extension and termination should be made upon mutual agreement by both parties and considering the estimated useful lives of the solar power plants of the related parties and the assignment of the SESC with Parent Company. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(c) Estimating cost of dismantling, removing or restoring items of fixed assets

Determining the asset retirement obligation requires estimation of the costs of dismantling, installing and restoring lease properties to their original condition. The Company determined the amount of obligation by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Company's current credit-adjusted risk-free rate depending on the life of the capital costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

During 2020, the Company reversed the full amount of the provision amounting to P1.06 million as at December 31, 2019 as management assessed that this is no longer expected to be settled in the future (Note 12). No asset retirement obligation was recognized in 2021.

(d) Income taxes

Significant judgment is required in determining income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The details of recognized and unrecognized deferred income taxes are shown in Note 19.

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax assets to be utilized.

(e) Distinction between investment properties and property, plant and equipment

The Company determines whether a property is to be classified as an investment property or property, plant and equipment through the following:

- Investment properties comprise land and buildings which are not occupied, substantially for use by, or in the operations of, nor for sale in the ordinary course of business of the Company, but are held primarily to earn rental income or capital appreciation; and
- Property, plant and equipment generate cash flows that are attributable not only to them but also to the other assets used in the operations of the Company.

In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by the Company.

Some properties comprise a portion that is to earn rentals or for capital appreciation and another portion that is held for use in the operation or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as an investment property only if an insignificant portion is held for use in the operation or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

Note 24 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

24.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The financial statements of the Company have been prepared using historical cost basis.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 23.

(a) New standards, amendments to existing standards and interpretations adopted by the Company

No new standards, amendments to existing standards or interpretations, that are effective beginning January 1, 2021, are expected to have a material impact on the Company's financial statements.

(34)

(b) New standards, amendments to existing standards and interpretations not yet adopted by the Company

A number of new standards, amendments to existing standards and interpretations are effective for the Company's annual periods after January 1, 2021 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these are expected to be relevant and have an effect on the financial statements of the Company, while the most relevant ones are set out as follows:

- Classification of Liabilities as Current or Non-current - Amendments to PAS 1 (effective January 1, 2023). The amendments affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments:
  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the 'right' to defer settlement by at least 12 months and make explicit that only rights in place 'at the end of the reporting period' should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are not expected to have a material impact on the Company's classification of liabilities. The amendments provided clear guidance which will support the Company's assessment.

- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to PAS 37 (effective January 1, 2022). The amendment to PAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract. The amendments are not expected to have a material impact on the Company's financial statements.

No other standards, amendments to existing standards or interpretations, that are effective after January 1, 2021, are expected to have a material impact on the Company's financial statements.

24.2 Cash and cash equivalents; Restricted cash

Cash includes cash on hand and in banks that earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of changes in value and bank overdrafts.

Restricted cash is subject to regulatory restrictions and therefore not available for general use of the Company. This is classified as non-current asset as this is expected to be collected more than 12 months after the end of the reporting period.

Other relevant policies are disclosed in Note 24.4.

24.3 Trade and other receivables

Trade receivables from Transco which have a 60-day credit term, lease receivables and other receivables are initially recognized and carried at transaction price and subsequently measured at amortized cost, less provision for impairment loss. The fair value of trade receivables at initial recognition is equivalent to the original invoice amount (as the effect of discounting is immaterial).

(35)

The Company applies the simplified approach in measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit loss, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income.

When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 12 months before the beginning of each reporting period and the corresponding historical credit losses experience within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the gross domestic product and inflation to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Other relevant policies are disclosed in Note 24.4.

24.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position, when, and only when, it becomes a party to the contractual provisions of the instrument.

Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) and amortized cost. The Company did not hold financial assets under the category financial assets at FVPL and FVOCI as at December 31, 2021 and 2020.

The classification depends on the entity's business model for managing its financial assets and the contractual terms of the cash flows. The Company's financial assets measured at amortized cost comprise of cash and cash equivalents (Note 24.2), trade and other receivables (Note 24.3), security deposits and electric utility deposits (Note 24.7) and restricted cash in bank (Note 24.2) in the statement of financial position. These are included in current assets, except for those expected to be realized greater than 12 months after the reporting period which are classified as non-current assets.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, if any, is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented as other income or expense. Impairment losses, if any, are presented in the statement of total comprehensive income within operating expenses.

(b) Recognition and measurement

(i) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date (the date on which the Company commits to purchase or sell the asset). Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

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(ii) Subsequent measurement

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

(c) Impairment

The Company recognizes an expected credit loss for all debt instruments not held at FVPL. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Expected credit losses are recognized in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

For cash and cash equivalents, due from related parties, other receivables, security deposits and electric utility deposits and restricted cash, the Company applies a general approach in calculating expected credit losses. The Company recognizes a loss allowance based on either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk on these financial assets since initial recognition. The carrying amount of the financial asset is reduced through the use of an allowance account, and the amount of the loss is charged against profit or loss in the statement of total comprehensive income. When the financial asset remains uncollectible after the Company has exerted all legal remedies, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss in the statement of total comprehensive income.

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment testing of trade receivables is described in Note 24.3.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

(d) Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(37)

Financial liabilities

(a) Classification

The Company classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value); and financial liabilities at amortized cost. The Company's financial liabilities are limited to financial liabilities at amortized cost.

Financial liabilities at amortized cost pertain to issued financial instruments that are not classified as fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. These are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

The Company's trade payables and other liabilities (excluding due to government agencies) (Note 24.11), due to a related party (Note 24.19), loans and interest payables (Note 24.15) and lease liabilities (Note 24.18) are classified under financial liabilities at amortized cost.

(b) Recognition and measurement

(i) Initial recognition

Financial liabilities at amortized cost are initially recognized at fair value less transaction costs.

(ii) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

(c) Derecognition

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. The details of the Company's financial assets and liabilities subject to offsetting are disclosed in Note 11.

24.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use. The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

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The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3. The Company uses specific valuation technique such as discounted cash flow analysis to determine fair value for the remaining financial instruments.

The Company does not hold financial and non-financial assets and liabilities at fair value as at December 31, 2021 and 2020.

24.6 Input value-added tax

Input VAT is stated at historical cost less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses. Input VAT is derecognized once applied against output VAT or claimed for refund.

24.7 Prepayments and other assets

Prepayments and other assets are expenses paid in cash and recorded as assets before these are used or consumed, as the services or benefits will be received in the future. Prepayments and other assets expire and are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Security deposits and electrical utility deposits pertain to advances to lessor relating to rent and service providers, respectively, which will be refunded at the end of the service periods, as determined in the contract agreements. Other relevant policies are disclosed in Note 24.4.

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24.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of total comprehensive income within cost of services or operating expenses whichever is applicable during the financial period in which these are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (in years), as follows:

Solar plant and equipment	30
Substation and transmission lines	15
Computer equipment	3
Service vehicle	5

The assets' residual values, depreciation method and estimated useful lives are reviewed periodically, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 24.10).

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation is removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized under other income or expense in the statement of total comprehensive income.

24.9 Investment properties

Investment properties are properties (land or building - or part of a building - or both) held by the owner or by lessee under a lease to earn rentals or for capital appreciation or both, rather than for use in the operations or for administrative purposes; or sale in the ordinary course of business.

The initial cost of the investment properties consists of its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. After initial recognition, investment properties are measured at cost and accounted in accordance with PAS 16, *"Property, plant and equipment"*. Land is not depreciated.

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized under other operating income or expense in the statement of total comprehensive income in the period of the retirement or disposal.

Investment properties acquired through equity-settled transactions are measured in reference to the fair value of investment properties, unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the investment properties received, the entity shall measure the value of the investment properties, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instrument.

Other relevant accounting policies are disclosed in Note 24.8.

24.10 Impairment of non-financial assets

Assets that have an indefinite useful life such as investment properties (related to land) not subject to amortization is evaluated annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that have definite useful lives and are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that are previously impaired are reviewed for possible reversal of the impairment at each reporting date. Subsequent reversals are credited to other income in the statement of total comprehensive income.

24.11 Trade payables and other liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers with average credit terms of 30 days. Trade payables and other liabilities are classified as current liabilities if payment is due within one year or less. If not, these are presented as non-current liabilities.

Trade payables and other liabilities are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest rate method.

Trade payables and other liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of total comprehensive income within other income or expense.

Due to government agencies are not considered financial liabilities but are derecognized similarly.

Other relevant accounting policies are disclosed in Note 24.4.

24.12 Provisions and contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in the statement of total comprehensive income.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized in the statement of financial position.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

24.13 Equity

(a) Share capital

The Company's share capital is composed of common and preferred shares at par value. The amount of proceeds from the issuance or sale of common and preferred shares representing the aggregate par value is credited to share capital.

Proceeds in excess of par value of shares issued or additional capital contribution without corresponding issuance of shares are credited to share premium.

Redeemable preference shares are classified as equity if the redemption is at the option of the Company. However, if redeemable at the option of the holder, these are classified as liabilities.

After initial measurement, share capital and share premium, if any, are carried at historical cost and are classified as equity in the statement of financial position.

(b) Retained earnings (Deficit)

Retained earnings (Deficit) includes current and prior years' results of operations, net of transactions with shareholder and dividends declared, if any.

(c) Dividend distribution

Dividend distribution to Company's shareholder is recognized as a liability in its financial statements in the period in which the dividends are approved and declared by the BOD.

(d) Share issuance costs

Share issuance costs are incremental costs directly attributable to the issuance or subscription of new shares. Share issuance costs which might be incurred in anticipation of an issuance of shares are recorded as an asset and deferred in the statement of financial position until the shares are issued. Upon issuance of shares, the deferred costs are charged to share premium or retained earnings, if no available share premium. If the shares are not subsequently issued, the transaction costs are recognized as expense under both approaches.

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24.14 Revenue and cost recognition

(i) The following is a description of principal activities from which the Company generates its revenue.

(a) Sale of solar energy

The Company recognizes revenue from contracts with customer which pertains to generation of electricity at a point in time when control of the goods or services are transferred to the customers at transaction price that reflects the consideration to which the Company expects to be settled in exchange for the services.

The Company's generation of electricity from solar power energy is assessed by management as a single performance obligation. Sale of electricity is recognized whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer for a consideration.

Revenue from sale of electricity is based on the applicable FIT rate as transaction price as approved by the ERC. Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

(b) Rental income

Rental income arising from operating lease agreements on its investment properties is recognized as income on a straight-line basis over the lease term or based on a certain percentage of the earnings of the lessees plus any variable component which are measured based on the actual results of operations of the lessees, as provided under the terms of the lease contract.

Other relevant accounting policies are disclosed in Note 24.18.

(ii) Interest income

Interest income is accrued on a time proportion basis by reference to the outstanding principal and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

(iii) Costs and expenses

Costs and expenses are recognized in the statement of total comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method. Costs of services are expenses incurred that are associated with the services rendered. Operating expenses are costs attributable to administrative and other business activities of the Company.

24.15 Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of total comprehensive income over the period of the borrowings using the effective interest method.

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Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan capitalized as a contra liability account and amortised over the period of the facility to which it relates.

Borrowings are derecognized in the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of total comprehensive income under finance cost.

A substantial modification of the terms of the existing borrowings or part of the borrowings is accounted for as an extinguishment of the original financial liability and a recognition of new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid (net of any fees received and discounted using the original effective interest rate), is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. The resulting difference is recognized as a gain or loss under other income, net in the statement of total comprehensive income.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized as other income or expense in the statement of total comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. In cases of breaches in loan covenants prior to the end of a reporting period, borrowings are classified as current liability, unless a sufficient waiver of the covenant is granted by the lender, such that the borrowings do not become immediately repayable.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are recognized and charged under finance cost in the statement of total comprehensive income in the year in which they are incurred.

Other relevant accounting policies are disclosed in Note 24.4.

24.16 Current and deferred income tax

Income tax expense comprises current and deferred income taxes. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

(44)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized and settled, respectively. The Company reassesses at each reporting the need to recognize previously unrecognized deferred income tax asset.

24.17 Employee benefits

(a) Short-term benefits obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(b) Retirement benefits

The Company has a defined benefit plan, which is unfunded and covers substantially all of its qualified employees. The defined benefit plan satisfies the minimum benefit requirements of RA No. 7641, otherwise known as the *"Retirement Pay Law"*.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on certain factors such as age, years of service and compensation.

The retirement benefit obligation is calculated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the retirement benefit obligation.

The retirement benefit obligation recognized in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, if material, are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is charged to profit or loss.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37, *"Provisions, Contingent Liabilities and Contingent Assets"* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(45)

24.18 Leases

Company as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The right-of-use asset is amortized over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally amortized over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it.

The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Right-of-use assets that meet the definition of investment property is presented in the statement of financial position as investment property. Other relevant accounting policies are disclosed in Note 24.9.

Company as a lessor

The Company determines at lease inception whether each lease is a finance lease or an operating lease.

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term except for variable rent which is recognized when earned.

24.19 Related party relationships and transactions

(a) Related party relationship

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel or directors.
In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

24.20 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income through profit or loss.

24.21 Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

24.22 Earnings per share

Basic EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, after considering impact of any share dividends, share splits or reverse share splits during the period. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

The number of ordinary or potential ordinary shares changes as a result of a share split or reverse share split are applied retrospectively and adjust the calculation of basic and diluted EPS for all periods presented. This applies regardless of whether the change occurred during the reporting period or after the end of the period before the financial statements are authorized for issue.

24.23 Events after the reporting period

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

24.24 Reclassification and correction of errors

The Company adjusted its statements of cash flows to correct cash outflow arising from interest payments on loans from a bank by an increase amounting to P3.57 million for the year ended December 31, 2019.

The impact of the correction of error in the statements of cash flows for the year ended December 31, 2019 are as follows:

	Previously reported balances	Adjustments	Adjusted balances
Cash flows from operating activities	146,877,159	3,573,539	150,450,698
Cash flows from financing activities	(186,431,516)	(3,573,539)	(190,005,055)

The opening balances of assets, liabilities and equity as at December 31, 2020 and 2019 in the statement of financial position were not presented since the reclassification did not have any impact on the previously reported balances. The reclassification also did not impact previously reported financial position, net income and retained earnings.

Note 25 - Impact of COVID-19

In the worldwide context of COVID-19 pandemic disease and unprecedented crisis that started in the first quarter of 2020, the Philippine Government has taken measures which caused disruptions to businesses and economic activities, and its impact continues to evolve.

In 2020, the government enacted the Republic Act No. 11649, also known as the *"Bayanihan to Heal as One Act"* providing relief to loan payments, interest and penalties thereon. The Company availed of this relief which resulted in the deferral of its principal payment and interest on its loans payable to DBP. This, in effect, spreads the deferred principal and interest amount to the remaining payments to be made throughout the term of the loan.

Aside from the deferral of the principal and interest on loans payable, the Company incurred additional expenses due to the quarantine and social distancing measures required by the Philippine Government. Based on the management's assessment, the COVID-19 pandemic had no other significant impact in the Company's financial statements as at and for the year ended December 31, 2021.

The Company's financial statements as at and for the year ended December 31, 2021 have been prepared applying the going concern principle. The management of the Company is not aware of any other significant uncertainties arising after the December 31, 2021 that would have any impact on its ability to continue as going concern. The Company is continuously monitoring the situation.

Note 26 - Supplementary information required by Bureau of Internal Revenue (BIR)

The following supplementary information required by Revenue Regulation (RR) No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(a) Output VAT

Output VAT declared and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Zero-rated VAT sales	351,930,501	-
Vatable sales	-	-
Total	351,930,501	-

Revenues presented above are based on net receipts from sale of energy for VAT reporting purposes while revenues in the statement of total comprehensive income are based on revenue recognition policy per Note 24.14. Under the Renewable Energy Act of 2008, registered developers of renewable energy projects in the Philippines benefit from a zero-rated VAT on the sale of electricity to off takers. In addition, the gross receipts from the rental of real properties on its leasing business shall be subject to VAT.

(b) Input VAT

Movements in input VAT for the year ended December 31, 2021 follow:

	Amount
January 1	9,435,619
Add: Current year's domestic purchases of services	2,649,746
December 31	12,085,365

(c) Importations

The Company did not have importations during the year ended December 31, 2021.

(d) Excise tax

There were no transactions subject to excise tax for the year ended December 31, 2021.

(e) Documentary stamp tax

Documentary stamp taxes paid for the year ended December 31, 2021 amounted to P448,783 for insurance and surety bond contracts and share issuance costs. The amount is recorded as part of taxes and licenses account under operating expenses in the statements of total comprehensive income.

(f) Withholding taxes

Withholding taxes paid and accrued for the year ended December 31, 2021 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	52,786	4,045	56,831
Expanded withholding tax	516,715	82,484	599,199
	569,501	86,529	656,030

(g) All other local and national taxes

	Amount
License and permit fees	1,413,174
Gross receipts tax on loan payments	643,257
Local government tax	823,828
Energy regulations tax	216,582
Local business tax	26,686
	3,123,527

The above local and national taxes are lodged under taxes and licenses account in cost of services and operating expenses in the statements of total comprehensive income.

(h) Tax assessments and cases

The Company has received letters of authority (LOAs) from the BIR for taxable years 2018 and 2017. These assessments were finalized and paid during 2021 through settlement of tax deficiencies and interests amounting to P351,219 and P2,932,393 for taxable years 2018 and 2017, respectively.

There are no other outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at December 31, 2021.

(50)

Citicore Energy REIT Corp.
(Formerly Enfinity Philippines Renewable Resources Inc.)
(A subsidiary of Citicore Renewable Energy Corporation)

Supplementary Schedules as Required by Rule 68 of the Securities Regulation Code
December 31, 2021

Schedules	Description
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of the Financial Statements
D	Long Term Debt
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Share Capital
	Reconciliation of Retained Earnings Available for Dividend Declaration
	A Map Showing the Relationships between and among the Parent Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
	Schedule of Financial Soundness Indicator

Citicore Energy REIT Corp.
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Schedule A - Financial Assets
December 31, 2021

Name of issuing entity and association of each issue	Principal amount of bonds and notes	Amount shown in the statement of financial position	Income received and accrued
Financial assets at amortized cost			
Cash in banks			
BDO Unibank, Inc.	-	8,299,214	5,765
Development Bank of the Philippines	-	1,790,511	12,297
Security Bank Corporation	-	693,677	600
Short-term placements			
Development Bank of the Philippines	-	38,165,946	228,280
Cash on hand	-	65,000	-
Total cash and cash equivalents	-	49,014,348	246,942
Trade and other receivables	-	127,874,799	30,136
Electric utility deposits	-	6,580,541	-
Security deposits	-	5,279,310	-
Restricted cash	-	905,831	-
Total financial assets	-	189,654,829	277,078

Citicore Energy REIT Corp.
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Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2021

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the year
Advances to directors, officers, employees*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Due from related parties							
Citicore Renewable Energy Corporation	129,887,214	135,963,734	-	-	-	-	265,850,948
Citicore Power, Inc.**	87,021,747	-	(87,021,747)	-	-	-	-
Total due from related parties	216,908,961	135,963,734	(87,021,747)	-	-	-	265,850,948
Trade receivables							
Citicore Solar Tarlac 1, Inc.	-	9,681,801	(8,195,034)	-	-	1,486,767	1,486,767
Citicore Solar Tarlac 2, Inc.	-	8,092,091	(7,121,860)	-	-	970,231	970,231
Total trade receivables	-	17,773,892	(15,316,894)	-	-	2,456,998	2,456,998
Total receivables from related parties	216,908,961	153,737,626	(102,338,641)	-	-	2,456,998	268,307,946

**As required by Rule 68 of the Securities Regulation Code, this schedule shall be filed with respect to each person among the directors, officers and employees from whom an aggregate indebtedness of more than P1 million or one percent (1%) of total assets, whichever is less, is owed for items arising outside the ordinary course of business. There were no advances with respect to each person among the directors, officers and employees amounting to more than P1 million outside the ordinary course of business as at December 31, 2021.*

***During 2021, the Company offset the intercompany receivables (except lease receivables) with intercompany payables and consolidated the ending balance to the Parent Company.*

Citicore Energy REIT Corp.
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Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of the financial statements
December 31, 2021

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of the year
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Citicore Energy REIT Corp.
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Schedule D - Long Term Debt
December 31, 2021

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet	Notes
N/A	N/A	N/A	N/A	N/A

Citicore Energy REIT Corp.
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Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2021

Name of related party	Balance at the beginning of the year	Balance at the end of the year
Citicore Renewable Energy Corporation	-	68,521,747

Citicore Energy REIT Corp.
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Schedule F - Guarantees of Securities of Other Issuers
December 31, 2021

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

Citicore Energy REIT Corp.
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Schedule G - Share Capital
December 31, 2021

Title of issue	Number of authorized shares	Number of issued and outstanding	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common shares	15,360,000,000	5,498,182,004	N/A	5,498,181,996	8	N/A

Citicore Energy REIT Corp.
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Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2021
(All amounts in Philippine Peso)

Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning		25,104,725
Add : Net income actually earned during the period		
Net income during the period closed to retained earnings	225,879,943	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	-	
Adjustment due to deviation from PFRS - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period		225,879,943
Add (Less):		
Dividends declarations during the period	-	
Appropriations of retained earnings during the period	-	
Reversal of appropriation	-	
Effect of prior period adjustments	-	
Treasury shares	-	-
Unappropriated retained earnings available for dividend declaration, ending		250,984,668

Citicore Energy REIT Corp.
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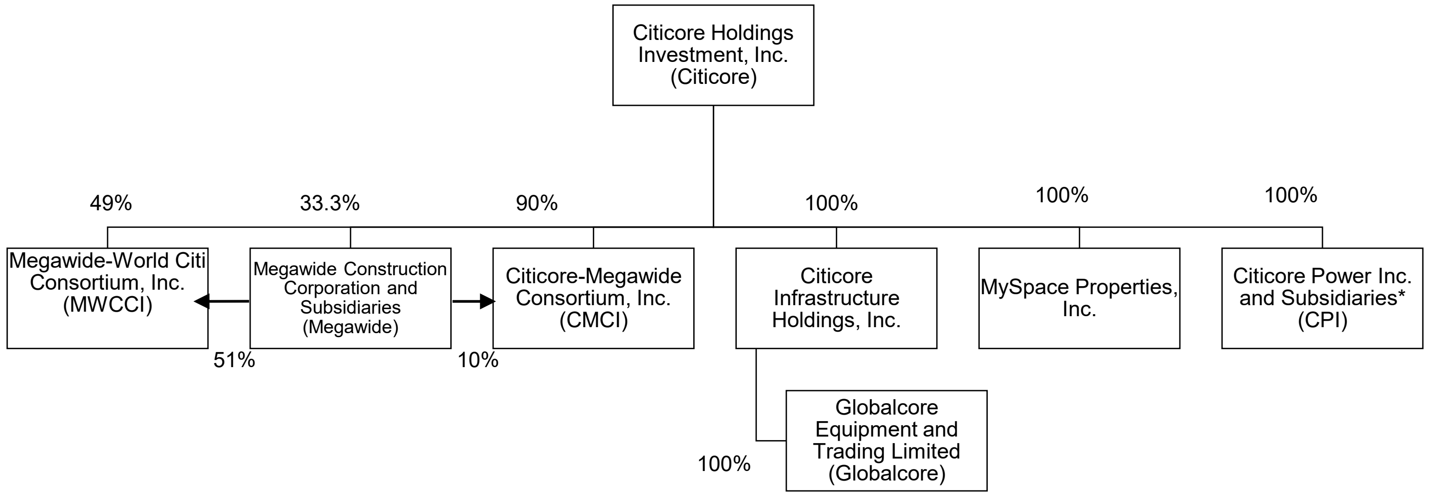
A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
December 31, 2021



**See Schedule A*

Citicore Energy REIT Corp.
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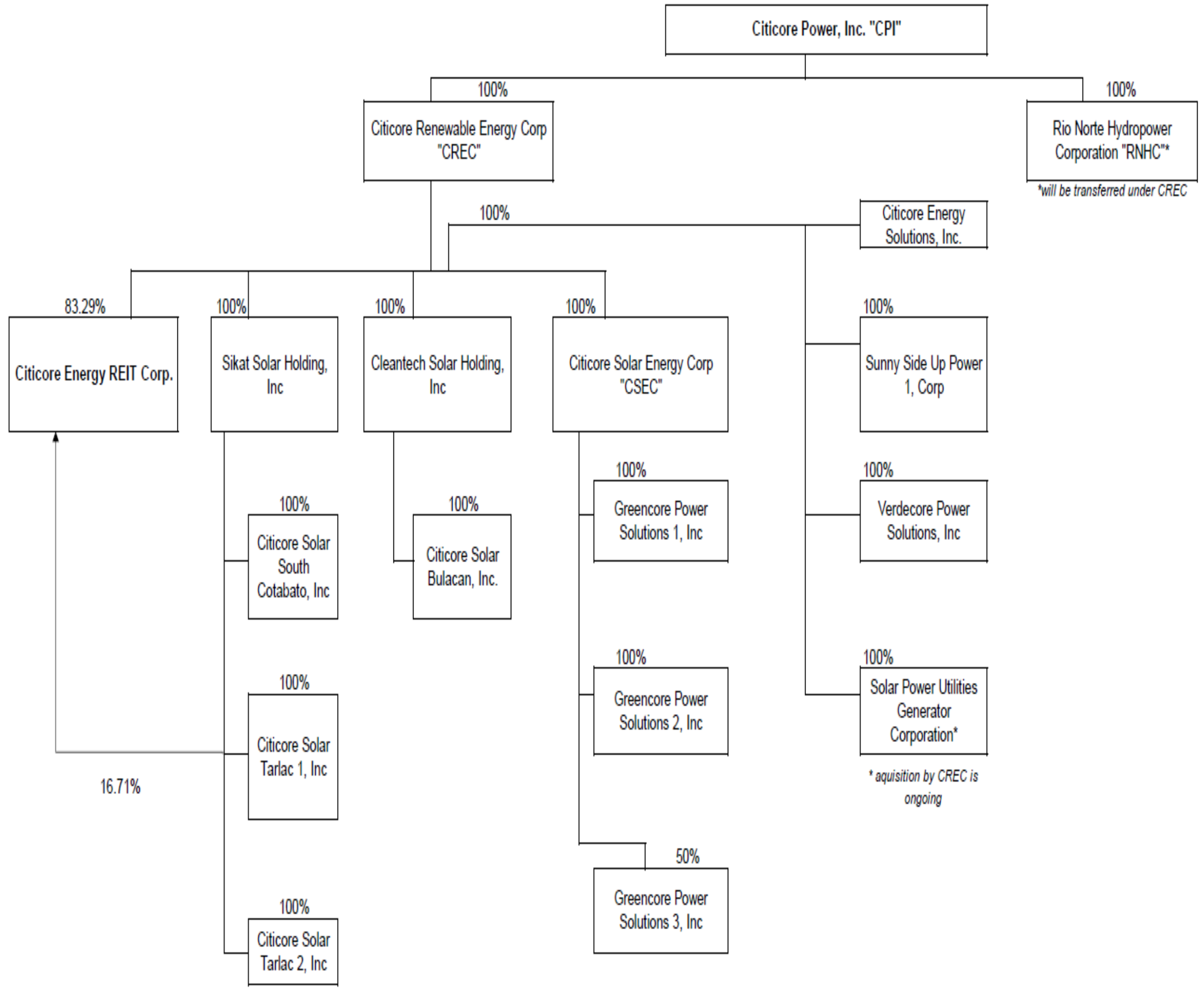
A Map Showing the Relationships between and among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries or
Co-subsidiaries and Associates (Schedule A)
December 31, 2021



Note: The table above is not an exclusive enumeration of the subsidiaries of CPI.

Citicore Energy REIT Corp.
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Schedule of Financial Soundness Indicator
As at and for the years ended December 31, 2021 and 2020

	2021	2020
Current ratio[a]	1.33x	1.36x
Acid test ratio[b]	0.84x	1.31x
Solvency ratio[c]	-	0.22x
Debt-to-equity ratio[d]	-	1.83x
Asset-to-equity ratio[e]	1.17x	3.15x
Interest rate coverage ratio[f]	9.61x	3.56x
Debt service coverage ratio[g]	9.21x	1.19x
Net debt/ EBITDA[h]	(0.17)x	4.23x
Earnings per share (Php)[i]	0.08	0.04
Book value per share[j]	0.30	8.06
Return on assets[k]	12.24%	6.00%
Return on equity[l]	20.60%	20.29%
Net profit margin[m]	64.12%	38.69%

[a] Current assets/current liabilities
[b] Cash and cash equivalents + Trade and other receivables, net/Current liabilities
[c] Net operating profit after tax + depreciation and amortization/Loans payable
[d] Loans payable/ Total equity
[e] Total assets/ Total equity
[f] Earnings before interest, taxes, depreciation and amortization/Interest expense
[g] Earnings before interest, taxes, depreciation and amortization/Current loan payable + Interest expense + Current lease liabilities
[h] Short-term and long-term bank borrowings less cash and cash equivalents/Earnings before interest, taxes, depreciation and amortization
[i] Net income attributable to ordinary equity holders of the Company/Weighted average number of ordinary shares
[j] Total equity less Preferred Equity/Total number of shares outstanding
[k] Net income attributable to owners of the Company/Average total assets
[l] Net income attributable to owners of the Company/Average total equity
[m] Net income/Revenue

Citicore Energy REIT Corp.
Aging of Receivables
As of December 31, 2021

	Current	1-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	Over 180 days	Total
AR Transco	41,892,701	-	-	-	-	-	-	-	41,892,701
Total	**41,892,701**	-	-	-	-	-	-	-	**41,892,701**

ACKNOWLEDGEMENTS

This 2021 Annual and Sustainability Report was made possible through the cooperation between the following teams:

Corporate Affairs and Branding
Finance & Accounting
Human Resources & Admin
Investor Relations
Legal & Regulatory
Procurement & Logistics
Solar Operations

Citicore Foundation Inc. (CFI)
Citicore Renewable Energy Corp. (CREC)
Citicore Fund Managers, Inc. (CFMI)
Citicore Property Managers, Inc. (CPMI)

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276 Bonny Serrano Avenue, Little Baguio
San Juan City, Philippines
+63 8255 4600

Common Stock
The Company's common stock (CREIT) is listed and traded in the Philippine Stock Exchange

Shareholder Services and Assistance
Professional Stock Transfer, Inc. serves as the Company's stock transfer agent registrar.

For matters concerning dividend payments, account status, lost or damaged stock certificates, or change of address, please write or call:
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316 Gil Puyat Avenue, Makati City
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